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ABSTRACT

The American economy is in a state of flux; it will probably generate more displaced workers; and it has yet to determine a policy to assist such workers in preparing for and locating new jobs. Although the extent of the problem is not entirely known, a low estimate is that some 2.2 million workers may have been affected by plant closings and mass layoffs between 1975 and 1981. Most often, the typical dislocated worker is male, semiskilled, older, less educated, and with some years' seniority and earning a relatively good wage. The United States has a variety of labor market service programs. Among these are the Comprehensive Employment and Trainining Act (CETA), which is targeted to the disadvantaged and thus not available to help most displaced workers; CETA Private Industry Councils; local management and labor groups; state vocational retraining programs; and other federally, locally, or privately funded programs that appear sporadically. An approach to helping displaced workers that has been successful in Canada is the Canadian Manpower Consultative Service (MCS), which is characterized by lack of bureaucracy; temporary composition for a specific plant in a specific locale;; cooperation between labor, management, and government; and an entrepreneurial spirit. (A case study of a plant layoff in which workers were aided through MCS is included in this report.) To assist dislocated workers, the United States should develop programs with the following key features: a private industry-public body partnership, a local base, flexibility, use of existing resources, non-bureaucratic structures, and a modest start to be followed by building on successes. (KC)

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WORKER ADJUSTMENT TO PLANT SHUTDOWNS AND MASS LAYOFFS: AN ANALYSIS OF PROGRAM EXPERIENCE AND POLICY OPTIONS

Submitted to
The National Alliance of Business

by
ICF Incorporated

Prepared by
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August 1981

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EXECUTIVE SUMMARY

If the American economy is to grow and prosper, it must adapt rapidly to changing economic conditions and take advantage of new opportunities. Unfortunately, the process of economic adaptation often displaces workers from their jobs. At the end of 1980, for example, one-fourth of the automotive workforce was jobless. Economic policy is placed in a quandary: we wish to have a flexible, dynamic economy while at the same time avoiding the very real costs to workers, their families, and society at large caused by the movement of capital and jobs from weaker to stronger industries.

The context for this study is an economy that is increasingly in flux, that will probably generate more displaced workers, and that has yet to develop a satisfactory way to assist such workers in preparing for and locating new jobs. To preserve the benefits of a dynamic economy, while mitigating the costs in terms of worker dislocation, the U.S. must develop flexible responses to the localized problems of plant shutdowns that often accompany economic change. The problem of worker dislocation and adjustment therefore poses a major challenge to both the private and public sectors.

The purpose of this report is to develop a thorough understanding of worker adjustment programs that have assisted, or might assist, persons affected by plant closings and mass layoffs.

In this Executive Summary we review our major findings in the following areas: (1) the nature and extent of the problem of worker dislocation, (2) current and historical employment and adjustment programs, (3) a case study of an interesting and applicable Canadian program, the Manpower Consultative Service, and (4) a distillation of potential programmatic options, including a very brief sketch of the key elements of a program concept that might be developed in the U.S. by the public and private sectors to deal on a local basis with worker dislocation problems.

THE PROBLEM

- Over the last several years plant shutdowns and mass layoffs have become a serious problem in the United States. Data on the problem are not collected systematically, so it is difficult to know the true extent of the problem. We know, however, that between 1975 and 1981 some 13,000 plants, employing 2.2 million workers, applied for Trade Adjustment Assistance, asserting they were reducing employment as a result of import competition. Since only trade-affected enterprises are eligible for this program, this estimate of affected workers is probably a lower bound.

- A recent estimate puts the number of dislocated, unemployed workers in the range of 100,000 to 800,000. While the problem appears not to be a national crisis, it is a critical issue for affected localities.

- While projections of the future of the economy and the labor force are only rough approximations, it seems reasonably safe to conclude that in the near term, at least, the number and problems of dislocated workers will be significant.

- According to the Bureau of Labor Statistics, the manufacturing sector is expected to continue its decline in relative importance as an employer of labor, as industries modernize in order to economize on both their labor and energy costs.

- Semi-skilled craftsworkers and operators, particularly those on assembly lines, will continue to be replaced by machines. The greatest number of new job openings will be in the service sector and in maintenance and repair occupations. The skills and education of those in declining manufacturing occupations will often be inadequate to meet the needs of employers in growing service or manufacturing occupations.

- The typical dislocated worker differs substantially from the typical unemployed American. More often than not the person is a male. He is older, less well educated, a union member, has several years seniority, and earns above-average wages.

- Upon becoming unemployed, such a person faces potentially severe problems. Family and home ownership ties and a history of working and providing make work an economic and a socio-psychological necessity. A growing, though still not yet definitive, body of research suggests that the problems attendant to the unemployment of long-time workers may be responsible for a range of physical and mental health problems.

- Community resources currently available to address labor dislocation will generally decline in the 1980's, as budgets are cut for employment and training, economic development, and income maintenance and social services. It is uncertain at this point whether total resources available to assist dislocated workers will increase or decline. The recently proposed block grant programs of federal funds to states and localities would provide states and localities with greater flexibility in funding. The final allocation will depend on state and local priorities.

PREVIOUS PROGRAMS

- The United States has a broad array of labor market service programs. The basic federal program, the Comprehensive Employment and Training Act (CETA), is heavily targeted to the economically disadvantaged. Also of relevance are the state vocational and technical education programs, state employment services, and a range of ad hoc, private, and non-profit efforts.

- CETA has offered very few services to dislocated workers in the past, primarily because it is strictly targeted on the disadvantaged and because its regulations and procedures provide very little flexibility for localities to initiate new programs according to preferences or needs.

- Retraining programs have been successful in the past, more so when they emphasized on-the-job rather than institutional training.

- Most institutionalized placement mechanisms are not directed at dislocated workers. Job search clubs, which are geared to self help in placement, have been the most promising programs to date for the job ready because of the informational and peer support features they incorporate.

- Private sector oriented efforts involving labor-management and community cooperation appear to be effective when the economy is reasonably buoyant and sufficient resources are made available to provide for the needs of those who are affected by shutdowns. The strategy depends on the commitment of all parties.

- Most federally sponsored economic development approaches to shutdowns have depended on the area's being granted priority for federal contracts or money. In the absence of sufficient resources to offer every afflicted community priority status, the general usefulness of the method is uncertain.

- Several federal programs which have served as catalysts to local efforts demonstrate the importance of having a local entity gather and coordinate community resources around the dislocation problem.

- Relocation programs are not promising approaches to the reemployment of older dislocated workers. Workers tend not to want to move. The glut on local housing markets after a large layoff makes moving financially infeasible for some.

- Income replacement has been found to be a double edged sword. Clearly workers' lost incomes must be replaced to some extent. But nearly all of the large number of local employment and training program personnel we interviewed in connection with this study offered the judgment that income maintenance impedes worker adjustment. Statistical studies support this judgment, although some workers clearly use the cushion of income maintenance to search for, and find, better jobs.

- Particularly because the scope of adjustment is sometimes so great (in terms of wages earned, place worked, seniority), an early start to the adjustment process can be of great importance.

THE CANADIAN MANPOWER CONSULTATIVE SERVICE

- The Canadian Manpower Consultative Service (MCS) is a program of the Canadian federal government. The MCS' primary function is to assist managers and labor in firms experiencing significant growth or decline to form a tri-partite committee to solve their own problems. It operates at the local level with relatively little guidance or oversight from federal officials in Ottawa.

- A typical MCS operation in a shutdown or mass layoff might be as follows. An MCS case officer is informed of the impending shutdown, typically from a Provincial Labor Department official (Canada's provinces have pre-notification of shutdown statutes). The officers, who are quite entrepreneurial and operate with substantial freedom of action, contact management and labor. They suggest the formation of a Manpower Adjustment Committee, composed of two representatives of management, two of labor, and an impartial chair recommended by the MCS officer and selected by the committee. The MCS officer is an ex-officio member. The committee's responsibility is to assist in placement of workers desiring aid. A premium is put on the personal involvement of management and union in the placement process. The committee meets periodically to review progress, make decisions, etc. Typically, committees exist for about eight months and are jointly funded by the federal government, employer, union and sometimes the province.

- Key roles of the MCS officer are (1) to serve as a catalyst for the committee at the outset and to encourage committee members to be active and (2) to assist the committee in commanding resources from Canada's federal and provincial manpower services. Canada's manpower system is generally similar to that of the U.S., except, significantly, that it is not nearly so strictly targeted on the disadvantaged.

- A key role of the employer is often to call prospective employers on behalf of laid-off workers in order to give them an edge in competing for a vacancy.

- Manpower Adjustment Committees appear to have had considerable success. Of those workers who request committee assistance, some 65 percent are placed. About 70 percent of affected workers request aid. The cost per placement is about $93. A definitive statement on the cost-effectiveness of the MCS is not possible, however, since no evaluations have been undertaken.

- Any assessment of the MCS must note the large degree of self selection involved. Participation by management and labor in forming a Committee is voluntary (and all parties may leave the agreement with 30 days notice); worker participation is voluntary. Hence anyone becoming involved in such an undertaking is probably relatively success-oriented, an important precondition for success.

- Key features of the MCS that contribute to its apparent success are:

  -- It is <u>flexible</u>: committees can adopt whatever methods they think are most useful in a given situation.

  -- It is <u>non-bureaucratic</u>: very little time is spent on paperwork and individual staff members are free to use their own judgment with minimal oversight.

  -- It is a <u>"people program"</u>. Employers and unions are committed to laid off workers <u>as individuals</u> and generally know their abilities and desires well.

  -- Because the program comes into being only when employers and unions are truly committed to making it work, <u>self-selection of success-seeking people</u> maximizes the probability of success.

  -- <u>Employers and unions work together</u> to reinforce each other's commitment and help to keep each other honest and busy. The <u>public sector</u> plays a limited, but critical <u>catalyst roll</u> and helps to gain public resources as needed.

  -- Often Manpower Adjustment Committees <u>begin work early in the process of a shutdown</u> or layoff, thus maximizing chances for success.

-- The program has a record or gives an impression of inexpensive successes that facilitate future intervention and continuing success.

- In general, the Canadian labor market and institutional situations are similar to those in the U.S., although the existence of provincial plant closing notice laws and the greater tolerance of government intervention in the economy in Canada are important differences. Perhaps the greatest difference between the U.S. and Canada is the freedom from paperwork and reporting requirements some Canadian agencies enjoy. It is difficult to conceive of a governmental agency in the U.S. operating in the flexible, entrepreneurial, non-bureaucratic manner of the MCS. Certain local entities, such as CETA's Private Industry Councils, for example, could do so, given greater flexibility in their statutory authority so that they could more readily serve a non-economically disadvantaged population.

- It should be made explicit that the MCS has not had great success in Canada's analogues to our Akron, Ohio, and Pontiac, Michigan. The MCS appears in other circumstances to be a very efficient placement service, that may succeed by getting its workers into a limited number of job slots (and thereby preventing some other unemployed workers from filling them). Given the problems of developing an efficient public sector placement system in the U.S., even this would be a useful capability.

In our judgment, the key aspects of the MCS enumerated above could be profitably joined with other interesting, locally-based ideas. These are discussed in the following section.

AN ANALYSIS OF POTENTIAL PROGRAMMATIC OPTIONS

Based on the observation and analysis in the report, we believe a list of promising programmatic and adminstrative features would include the following.

Programmatic Features

- A unit at the local level can serve as a valuable intermediary between the dislocated worker and the community on the one hand and the resources available to each, on the other.

- A crucial service that must be provided is information, with respect to: job availability, skills in demand, resources which are available to assist in adjustment, and lessons learned from adjustment efforts in other locations.

- Other services that may be required are vocational and psychological counseling, retraining, job search and relocation assistance.

- The Job Club appears to be a useful and inexpensive way of providing counseling, job search assistance, and labor market information to workers. The use of employers to assist directly in marketing laid off workers to other employers is a feature of the Canadian program that might usefully be combined with the job club for interested employers.

- Dislocated workers need access to retraining services. Currently, their access under CETA is limited. Some linkage to an altered CETA or the state vocational training network is needed.

- A program could usefully direct workers to sources of other services and to income replacement. Receipt of the latter might be tied to participation in some positive adjustment activity, such as job search or retraining, for example.

Administrative and Management Features

- All key actors--management, labor, the community, and the government--should be involved. A potentially important role for government is to coordinate and stimulate the efforts of the other sectors.

- Whatever sort of arrangement is developed by the parties, the relationships should be flexible. Experience with shutdowns suggests that generalizations are apt to be misleading.

- The parties might wish to indicate at the outset that a permanent program is not envisioned. The idea is to help workers, not to build a new institution.

- Among existing local entities that could begin to play the catalyst role in initiating efforts to assist dislocated workers, the Private Industry Council chartered under CETA's Title VII Private Sector Initiative Program may be particularly well-suited. The PIC is already guided by a board composed of management, labor, and the public and is linked to the CETA system.

To summarize, the key features of a policy idea to assist dislocated workers are:

- Private-public partnership,
- Locally-based,
- Flexible,
- Use of existing resources,
- Non-bureaucratic structures, and
- Start small, build on success.

CHAPTER 1

INTRODUCTION

If the American economy is to grow and prosper, it must adapt rapidly to changing economic conditions and take advantage of new opportunities. Unfortunately, the process of economic adaptation often displaces workers from their jobs. At the end of 1980, for example, one-fourth of the automotive workforce was jobless. Economic policy is placed in a quandary: we wish to have a flexible, dynamic economy while at the same time avoiding the very real costs to workers, their families, and society at large that are caused by the movement of capital and jobs from weaker to stronger industries. There is little doubt about these costs. Studies have documented the poor health and mental illness that frequently accompany unemployment, to say nothing of the income loss.

The problem of worker dislocation and adjustment poses a major challenge to both the private and public sectors. Nor is the problem likely to disappear soon. Workers in industries other than autos and steel will increasingly feel the effects of an international economy. And, as deregulation begins to affect a broader spectrum of American industry, the relative profitability of different industries could change, bringing about a period of resource shifts which in turn could lead to plant relocation or closedown. The esoteric medical and biological technology industry now springing up across the country is an example of how deregulation has created new jobs. But the closed airports in smaller cities show, in contrast, how deregulation can eliminate an industry in some communities.

Moreover, even as the U.S. auto industry adjusts and recovers a share of the market, employment is not likely to grow and may even decline. The structural changes in the industry which are necessary in order to make it competitive and profitable--automobile downsizing and automation--could eliminate 200,000 auto-manufacturing jobs by 1985, according to the Federal Reserve Bank of San Francisco.[1]

The workers who lose their jobs as a result of plant closings and mass layoffs are often semi-skilled or skilled, have relatively long and stable work histories, and are used to steady and reasonably high wages. For such people, finding a new job is particularly difficult and painful. Despite a

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[1] Burke (1981); all footnotes in this report are indicated by author and year of publication. Full references are found in the Bibliography.

satisfactory labor-market experience, they tend, understandably, not to have well-honed job search skills. Moreover, the new jobs available to them frequently pay well below their former wages. Finally, they are more-or-less excluded from assistance in the period closest to their layoff by a major component of the nation's employment and training system.

The context for this study, then, is an economy that is in flux, that will probably generate more displaced workers, and that has yet to develop a satisfactory way to assist such workers in preparing for and locating new jobs. To preserve the benefits of a dynamic economy, while mitigating the costs in terms of worker dislocation, the U.S. must develop flexible responses to the plant shutdowns that often accompany economic change.

The purpose of this report is to develop a thorough understanding of worker adjustment programs that have, or might, assist persons affected by plant closings and mass layoffs. As we document below, the U.S. has at different times generated various responses to the problem. So have several other nations. In order to develop a clear sense of productive paths for program development, particularly those with an emphasis on private sector involvement, it is necessary to begin by developing a clear understanding of the problem as well as an appreciation of prior programmatic attempts at its solution.

Following this introductory chapter, the paper is organized as follows. Chapter 2 defines and describes the problem of worker dislocation and adjustment and the economic, social, and community context in which it occurs. Chapters 3 and 4 examine domestic and foreign experience with a broad range of employment, training, and adjustment assistance programs. In Chapter 3 the emphasis is on the U.S., with some attention paid to relevant efforts in Western Europe and Japan. Chapter 4 is devoted to a case study of an interesting program of the Canadian federal government, the Manpower Consultative Service. The Manpower Consultative Service (judging from scattered reports) appeared to us to provide a low cost, flexible, tri-partite approach to dealing with a variety of employment and training problems, including (in particular) the adjustment to plant shutdowns and mass layoffs. Chapter 5 provides an analysis of seemingly viable programmatic options suggested by the research and case study and, in so doing, develops the major implications of the report.

CHAPTER 2

THE PROBLEM AND THE CONTEXT

2.1 INTRODUCTION

Programs to assist workers in adjusting to plant closings must take into account both the needs of the individuals affected and the opportunities and constraints imposed by their environments. Of particular importance are the economic setting and the resources available in communities experiencing a dislocation. Opportunities would, for example, include a large number of job vacancies or high quality local services for laid off workers. Constraints might include limited community resources or a labor market in a community experiencing little economic growth. The approach taken by a program to assist dislocated workers must capitalize on opportunities and work to ease constraints.

The dislocation problem represents the inability (or perhaps unwillingness) of the worker to use available local resources to find a new job within the existing economic and institutional settings. In part then, the solution to the problem must involve the construction of an interface that assists the worker in confronting the economic system. Thus, the policies one adopts, like the missing pieces of a puzzle, must fit neatly into both the configuration of workers needs and the shape of their environments.

The purpose of this chapter is to describe dislocated workers and the economic and institutional contexts in which they live. In Section 2.2, we begin by offering a general sketch of the changing economic picture, to the extent that the uncertainties of economic projections allow. Economic change causes some jobs to be eliminated and makes some skills obsolete, thus displacing workers. We consider the declining industries which dislocate workers and the growing industries that might absorb them. Our goal is to project what kinds of workers are likely to become displaced and have difficulty finding new employment.

In Section 2.3, we describe the sorts of workers who might be displaced as a result of the economic changes described in Section 2.2. We discuss their characteristics and likely problems. We contrast displaced workers with other unemployed workers in order to demonstrate similarities and differences. Thus, we get a sense of the importance of adopting somewhat different policies to mitigate the problems of the two populations. We conclude Section 2.3 with a discussion of how the characteristics of displaced workers lead to special needs.

The information developed in section 2.3 guides our inquiry into the resources which will be available to meet their needs. In Section 2.4, we conclude our discussion of the context by examining the changing community resource picture. In particular, we examine the soon to be implemented reductions in funding for relevant public programs and services. The importance of this section is to clarify what services will be available to meet the needs of dislocated workers and to determine the potential gaps which might exist and need to be filled in order to hasten worker adjustment.

In Section 2.5, we briefly summarize our major conclusions with respect to the population of interest and the opportunities and constraints imposed by the environment.

2.2 THE CHANGING ECONOMIC PICTURE

2.2.1 Causes of Worker Dislocation

Worker dislocation is usually caused by structural changes in the economy. In particular, changes in the demand for goods being produced, technological change, and shifts in the location of industrial activity either to other cities or other countries can cause the elimination or relocation of jobs and occupations.

In the last several years this elimination of jobs has often occurred in the context of plant shutdowns and mass layoffs. Data on the problem are not collected systematically, so it is difficult to know exactly how many shutdowns have occurred. It is known, however, that between 1975 and 1981 roughly 13,000 plants employing 2.2 million workers applied for Trade Adjustment Assistance (TAA), asserting they were reducing employment as a result of import competition. This estimate is certainly an underestimate of the number of plants affected by shutdowns and mass layoffs. For one thing, only trade-affected enterprises are eligible for TAA; therefore other shutdown situations would not appear in TAA records. Moreover, reports to the Labor Department on shutdowns frequently include some plants that did not apply for Trade Adjustment Assistance.

Marc Bendick[1] at the Urban Institute has made estimates recently of the number of workers affected by economic dislocation. Using as his search method forty three industries experiencing employment decline, he has estimated total dislocated workers nationwide to number 400,000 when one considers those unemployed over eight weeks. Almost 90,000 remain unemployed after 26 weeks. When he modifies his estimates to include those affected by economic dislocation through its repercussions on local industry, he estimates current dislocation related unemployment at 900,000 people.

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[1] Bendick (1981).

The dislocation problem exists when the laid-off worker has difficulties being reabsorbed elsewhere in the economy, either because the worker is unable or unwilling to look for or take a suitable new job or because job vacancies do not exist which are suitable for the worker on the basis of his or her skills. In other words, the dislocation problem results from a mismatch between the demands of employers with jobs to offer and the capabilities and needs of displaced workers. Often, too, it appears that some pesons simply do not know how to search for new jobs.

While it is to some extent obvious, it is worth noting explicitly that the healthier the economy is in general, the more easily workers can be reabsorbed. A tight labor market can prevent the formation of large, resource-straining pools of workers needing counseling, retraining, and placement.

The number and type of workers that a particular industry hires or lays off will depend on the output of those industries and the combination of workers and equipment the employer expects would minimize costs. In order to gain a sense, then, of future trends in employment and unemployment, we would require the following sorts of information: which industries are expected to grow or to decline in the near future and whether the declines, for example, are likely to indicate a reduction in employment in those industries; the number of workers who will be laid off and also the number who will have difficulties becoming reemployed (i.e., whether workers in the declining industries have the kind of skills and education that are required in occupations expected to have openings); the geographic locations in which declining and growing industries are concentrated, in order to determine which areas are likely to be hardest hit by economic dislocations. We address these issues in the following section.

2.2.2 Trends in Industrial Activity

The scope of this study does not allow for a detailed investigation of economic changes. Specific projections with respect to future employment in different industries are generally difficult to make; this difficulty is exacerbated in times of significant change in government policy. Therefore we focus on broad changes that most informed sources expect to occur and which would appear to have serious consequences in terms of economic dislocation. In particular, we use information provided by the Bureau of Labor Statistics and confirmed or supplemented by other sources.[2]

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[2] The Bureau of Labor Statistics is currently revising its projections but indicates that they, Chase Econometrics, and other sources of projections agree on dominant trends in the economy.

Generally every major source of economic projections expects economic growth between 1980 and 1985 as a result of increases in investments.[3] How much the economy will grow is a matter of dispute and will depend on how rapidly these investments take place and on their magnitude. Most knowledgeable sources of economic forecasts predict that the sharp increase in investments will stimulate the demand for producers durable equipment.[4] A major cause of this expected surge in investment is the need to adopt more energy efficient methods of production as fuel prices continue to rise.[5]

In the BLS's economic projections published in 1979, communications, public utilities and services were expected to be the fastest growing sectors, while manufacturing was expected to lose ground in terms of its relative share of jobs in the economy. While as noted above, the whole set of projections is currently undergoing revisions, the decline of the manufacturing sector is expected to remain a dominant trend in the economy.[6]

Generally technology dictates which industries will grow the fastest, in particular technology involving computers, electronics, and automation. In addition, imports are expected to take a greater toll on the American economy than was heretofore anticipated, particularly in the automobile and steel industries.[7]

At the same time that imports will cause declines in employment in these industries, the service sector will continue to grow. (Later Exhibits will provide comparable information on an industry level.) Exhibit 2-1 illustrates the employment and growth rates by major sector of the economy published in the BLS's 1979 forecasts. While revisions currently underway indicate that these growth rates are probably underestimates of employment growth, the trends in the relative shares of the economic sectors are expected to be unchanged.

Some of the industries projected to experience actual declines in employment over the next decade are steel and automobiles, the chemical

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[3] Conversation with analyst from the Bureau of Labor Statistics regarding soon to be announced forecasts by Bureau of Labor Statistics, Chase Econometrics, and the University of Maryland Interindustry Forecasting Project.

[4] Ibid.

[5] Bureau of Labor Statistics, "Employment Projections for the 1980's," pg. 49.

[6] Conversation with Valerie Personick, Bureau of Labor Statistics.

[7] Ibid.

Exhibit 2-1

Employment and Projected
Growth Rates by Major Sector

Sector	Actual 1980 Employment (thousands)	Projected Annual Growth Rate 1980-1985	1985-1990
Government	16,382	1.2	.8
Total Private	78,432	2.0	1.3
Agriculture	2,974	-.4	-2.1
Mining	1,063	1.0	.3
Construction	4,611	1.8	.7
Manufacturing	20,371	1.4	.7
Transportation	2,954	1.1	.4
Communication	1,363	1.3	1.2
Public Utilities	842	2.2	-.1
Trade	20,924	2.1	1.1
Finance, Insurance and Real Estate	5,217	2.8	1.8
Other Services	17,933	3.4	2.7
Private Households	1,602	-2.0	-2.0

Sources: Bureau of Labor Statistics, "Employment Projections for the 1980's," 32; Bureau of Labor Statistics, "Employment and Earnings," January 1981, 86-93.

fertilizer and mineral mining industries, leather related industries, structural clay and wooden containers, dairy products, sawmills and planing mills, and railroad transport.[8] It is difficult to project the extent to which these declines in employment will be achieved through attrition, layoffs, or plant shutdowns. The more rapidly they occur, the more likely are mass layoffs and shutdowns.

The fastest growing sectors of the economy are expected to be communications and services. However, communications is very capital intensive; as a result employment growth in that field is uncertain but is generally expected to be small.

Most economists agree that the service sector will account for an ever greater portion of employment. However, it is quite uncertain whether those who lose jobs in declining manufacturing industries will be able or willing to take advantage of that new growth.

Exhibit 2-2 demonstrates one reason to expect a mismatch. The skills and education of workers in auto and steel, as examples, are compared with the skills and educational requirements of five of the occupations expected to have the most vacancies in the 1980's. Most of these occupations will be in services rather than manufacturing.

What quickly becomes evident is that the displaced workers would often have to undergo significant retraining and/or education before being able to qualify even for entry level positions in some of the occupations where the largest number of jobs will be (e.g., industrial machinery repair). As Exhibit 2-3 indicates, they may also face substantial pay cuts (e.g., in a switch from a mill right job int the steel industry to a job in an occupation which will be hiring).

If anything, these <u>average</u> hourly wage differences understate the scope of the wage adjustments which may be necessary. This is because many workers who are displaced will have earned well above the average in their old jobs, given the seniority that is typical of those workers. When entering a new occupation, however, they will often earn entry level wages which are well below the average.

Another phenomenon that is expected over the decade of the 1980's is the replacement (or retraining) of present workers in industries that are <u>not</u> declining with workers who are skilled in the new technologies--the manufacture and maintenance of robots, for example. Exhibit 2-4 indicates one projection of the manufacturing occupations that are likely to experience

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[8] Bureau of Labor Statistics, "Employment Projections for the 1980's," 1979, p. 35

EXHIBIT 2-2

Skill and Educational Requirements for Selected Decling and Growing Occupations

	Skill Requirements	Educational Requirements
DECLINING OCCUPATIONS (in Auto and Steel Industries)		
Assemblers	Performs any combination of repetitive tasks involved in assembling product components using hand or power tools.	On-the-job training. The length of time required de-ed. Ability to do repeti-ive work quickly required.
Automobile Painter	Repaints automotive vehicles using painting equipment such as paint remover, scrapers, tape, paint mixers, and spray guns.	3-4 years on-the-job training.
Welder	Welds metal parts together, as specified by layout, dia-gram, work order, or oral instructions, using one of a number of types of welding equipment.	Several years on-the-job training. High school or vocational school courses in welding
Millwright	Installs machinery and equip-ment according to layout, plans, blueprints, and other drawings in an industrial establishment, using hoists, lift trucks, hand tools, and power tools	4-year apprentice program including on-the-job training and classes in blueprint reading, mathe-matics, welding and safety.
GROWING OCCUPATIONS		
Industrial Machinery Repairer	Repairs and maintains in-dustrial machinary using blueprints and tools	Several years of on-the-job training
Local Truckdriver	Drives trucks using maps and directions. Loads and un-loads trucks by hand or using machines	On-the-job training and a chauffer's license.
Building Custodian	Operates and maintains build-ings such as apartment build-ings and office buildings	On-the-job training.

EXHIBIT 2-2 (continued)

Skill and Educational Requirements for Selected
Decling and Growing Occupations

	Skill Requirements	Educational Requirements
Carpenters	Constructs, erects, installs and repairs structures and fixtures of wood, plywood and wallboard using carpenter's hand tools and power tools, and conforming to local business codes	4-year apprenticeship or on-the-job training.
Secretaries and Senographers	Schedules appointments, gives information to callers, takes dictation, types, and otherwise relieves officials of clerical work and minor administrative and business details.	High school dipolma. Extra courses in secretarial skills preferred.
Retail Trade Sales Workers	Assists customers in buying store merchandise.	On-the-job training. High school diploma preferred.
Cashiers	Receives funds from customers and employees, disburses funds and records monetary transactions incidental to the conduct of business.	On-the-job training. Vocational training possible
Registered Nurses	Performs acts requiring substantial specialized judgement and skills in observation, care and counsel of, ill, injured, or infirm persons and in promotion of health and prevention of illness.	License and a degree from an approved school. School tenure ranges from 2 to 5 years.
Nursing aides, orderlies, and attendants	Assists in care of hospital patients under direction of nursing and medical staff.	High school diploma preferred.

Source: Bureau of Labor Statistics, "Occupational Projections and Training Data, 1980 Edition," September 1980; Employment and Training Administration, Dictionary of Occupational Titles, 1969.

Exhibit 2-3

Average Hourly Earnings for
Selected Occupations

	Avg. Hourly Wage (1980)
Declining Occupations In Auto and Steel	
Millwrights	$11.18
Maintenance Painters	$9.43
Hand Welders (Iron & Steel Foundries)	$8.17
Assemblers A [a/]	$6.10-$9.06
B [b/]	$5.05-$8.17
C [c/]	$4.07-$7.23
Occupations That Will Be Hiring	
Carpenters	$9.76
Secretaries	$7.73
Janitors, Porters, and Cleaners	$5.16
Truck Drivers	$9.05
Maintenance Mechanics	$9.90
Retail Sales Workers	$3.84-$10.24
Registered Nurses	$5.98-$9.29
Nursing Aids	$3.67-$6.48

a/ Assembler A makes careful fittings and decisions.
b/ Assembler B uses standard procedures but may do some adjusting or fitting. Maintaining a regular pace is essential.
c/ Assembler C has a short, repetitive work cycle and makes no adjustments or fittings.

Sources: Bureau of Labor Statistics, "Occupational Earnings in All Metropolitan Areas," July 1979, Summary 8--10; Bureau of Labor Statistics, "Industry Wage Survey, Iron and Steel Foundries," September 1979; Bureau of Labor Statistics, "Industry Wage Survey, Department Stores," May 1977; Bureau of Labor Statistics, "Industry Wage Survey, Hospitals," Septembr 1978; Bureau of Labor Statistics, "Industry Wage Survey, Machinery Manufacturing," January 1978; and "Economic Report of the President," 1981.

Exhibit 2-4

Industries and Occupations Potentially to be Affected by Robotics

	Total Employed, 1979	% of Jobs Which Could be Done by: Level I a/	Level II b/
Occupation			
Assemblers	1,289,000	10%	30%
Checkers, Examiners and Inspectors	746,000	15	35
Packers and Wrappers (Except meat and produce)	626,000	15	40
Production Painters	185,000	45	65
Welders and Flamecutters	713,000	25	50
Machinists and Machine Operators	3,027,000	20	50
Industry			
Fabricated Metals	1,615,300	.08	.17
Machinery (except electrical)	2,475,400	.05	.13
Electrical and Electronic Equipment	2,138,800	.05	.12
Transportation Equipment	1,913,600	.07	.15

a/Level I robots have no sensory input.

b/Level II robots have rudimentary sensory input.

Source: "The Impacts of Robotics on the Workforce and Workplace," 1981, pp. 87-90, 97.

labor declines due to robotics in the near future and a projection of the possible size of those declines. More generally, the demand for skilled craftworkers in the blue collar sector is expected to increase relative to the demand for those in lower skilled categories. In BLS's 1979 estimates, for example, crafts employment was expected to increase by 20 percent while demand for operatives and laborers was expected to increase by 15 percent and 8 percent respectively. Among the fastest growing blue collar occupations are expected to be equipment repair personnel and heavy equipment operators, while operators were expected to be replaced by power driven equipment and other technically advanced machinery. Thus, workers in industries that are upgrading their skill requirements would need retraining in order to retain their jobs.

As we have said, the service sector is expected to experience the greatest growth in employment, particularly in computer-related and health professions. It is also significant that some service occupations are expected to experience the greatest declines or reductions in growth. Examples are secondary school teachers, file clerks, and private household workers.[9] This suggests that significant layoffs may occur in the service sector as well as in manufacturing. It is our judgement, however, that mass layoffs and shutdowns are likely to occur primarily in the blue collar sector because of the concentration of large number of workers in a given production process and in certain geographic locations. Service layoffs, we believe, are much more likely to be scattered and staggered among firms, and governments, in the economy. Still, the types of programs we discuss in this report may well be needed for groups heretofore immune from unemployment problems--teachers and government employees.

Adjustment is not only a matter of skills and wages. The location of layoffs as compared with employment growth is another important factor, because often workers are not highly mobile between locations.

While it is difficult to forecast growth and decline on a geographic basis, we can consider a few items of information that suggest a geographic mismatch.

As illustrated in Exhibit 2-5, in recent years the greatest net growth in jobs has been in the Southern and Western states and the greatest evidence of employment reduction and industrial decline has occurred in the Northeast and Midwest. Reasons that are typically cited are climate, wage rates, property costs and business climate. Exhibit 2-6 presents one study's projections of the cities expected to experience unemployment growth and decline in the early 1980s. If these trends in industrial activity persist and if geographic

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[9] Bureau of Labor Statistics, "Occupational Projections and Training Data, 1980 Edition," September 1980, pp. 83-91.

Exhibit 2-5

Job Openings and Closings
in Selected States
(in thousands)

State	Jobs Created 1969-1976	Jobs Destroyed 1969-1976	Net Percentage Employment Change
Massachusetts	169	213	-1.6
Connecticut	84	101	-2.4
New York	358	569	-6.3
Pennsylvania	261	319	-2.4
Michigan	204	220	-0.4
Ohio	226	253	-1.3
Minnesota	77	85	-1.4
Missouri	97	108	-1.4
Georgia	204	152	7.3
North Carolina	154	134	3.3
Alabama	104	35	4.0
Tennessee	128	104	3.1
Louisiana	101	78	4.7
Texas	410	294	7.4
Arizona	48	42	2.6
Colorado	79	48	10.9
California	552	572	-0.7
Washington	79	79	1.1

Source: Bluestone and Harrison (1980) p.40

Exhibit 2-6

PROJECTED JOB GROWTH CITIES, 1977-85

Source: Mazza and Hogan (1981), p. 20.

preferences of families do not shift as quickly, leading to migration, the Northeast and large midwestern cities will contain the most dislocated workers. If, however, mobility increases so that workers move rapidly into the sunbelt to take the jobs that are available there, there will be fewer unemployed dislocated workers in the regions in which shutdowns are concentrated.

In summary, shifts in the economy as a result of technological change and import competition are expected to play a greater role in the economy in the coming decade. Workers who lose their jobs in manufacturing will not fit automatically into the jobs that will open up in the service sector or into new manufacturing positions requiring familiarity with technologically sophisticated equipment. Jobs for which laid off workers could immediately qualify would often force them to accept considerable reductions in pay. The geographic areas which will be hardest hit are hard to predict with certainty. However, in the near future the Northeast and Midwest will probably continue to be affected most severely.

2.3 DISPLACED WORKERS

Workers who lose their jobs as a result of plant shutdowns or mass layoffs have in the past shown some of the characteristics typical of all unemployed people. For example they typically experience earnings losses, frustration and depression. But, there also exist important differences, the recognition of which should affect the design of policies and programs to assist displaced workers. For example, dislocated workers are much less likely to believe they have lost their jobs permanently and typically have a stronger labor force attachment.

In this section we briefly sketch the general nature of unemployment in the U.S. Then we draw upon a recent Department of Labor survey and an older study of workers displaced from their jobs because of import competition to develop a rough statistical picture of workers who have been "displaced". We contrast the characteristics of such dislocated persons with the general unemployed population. Based on these profiles and on a variety of other studies of layoff and job search experiences, we infer the needs and adjustment problems of displaced workers.

2.3.1 The Unemployed -- A Very Brief Sketch

Over the past several years a reasonably clear picture of the American unemployed has been sketched. While the picture is complex and somewhat shifting, it has several important facets. It is not a picture of a group of people waiting for demand to pick up so they can get jobs. Rather, a large fraction of total unemployment in the U.S. consists of persons who become unemployed but remain so for a relatively short time. For example, half of those who became unemployed in 1979 were unemployed for less than four weeks. A disproportionate share of the unemployed are young. Many did not "become" unemployed; rather they now seek their first job. Of the unemployed, roughly

50 percent lost their last job. A very broad brush summary would show that, typically, the unemployed are young, are not unemployed for long periods of time, and often have not lost their last jobs.[10]

To be sure this profile does not suggest that general unemployment is not a problem. The very high rates unemployment among inner-city youth are without doubt a striking problem. So too are the problems of experienced, stable, prime age workers who lose their jobs when plants close. We now turn to a profile of the latter group.

2.3.2 Displaced Workers -- A Profile

In 1979, the Department of Labor studied two matched samples of workers:[11] (1) those who lost their jobs as a result of import competition and subsequently received cash benefits from the Trade Adjustment Assistance (TAA)[12] program and (2) former manufacturing workers who were drawing regular Unemployment Insurance (UI) benefits at the time of the survey.

The DOL study surveyed a national sample of 960 TAA recipients and 534 UI recipients most of whose last jobs were in manufacturing industries and particularly concentrated in the automobile, steel, and apparel industries. The sample was drawn from Ohio, Pennsylvania, New York, California, Indiana, Massachusetts and Virginia and contained 65 percent of the total TAA population in 1976.

That workers from this survey are representative of workers who will lose their jobs in the future cannot be asserted with total certainty. Nonetheless, there seems to be little reason to believe that the sample is unrepresentative. With two possible exceptions, we believe this profile based on the data is a good predictor of the characteristics and problems of future dislocated workers, whether dislocated as a result of trade or other structural changes. The caveats refer first to the fact that workers who received TAA generally worked in plants with strong, politically powerful unions. To the extent that future dislocation affects nonunion firms, wage data in the study may offer somewhat high estimates of wages of future displaced workers. This bias is not of great importance, however, because

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[10] See NBER Summary (1980), Hall (1972), Perry (1972), Feldstein (1973).

[11] Mathematica Policy Research (1979). Unless otherwise indicated the data in this section are taken from this report.

[12] TAA is a program of cash aid to workers who lose jobs because of import competition (per Certification by the Secretary of Labor), hence we refer to the workers in the TAA sample as "trade-affected." In Section 3.3 brief profiles of TAA and UI are presented.

most recently displaced workers have been in unionized plants and the trend is likely to continue. The second caveat is that the workers in the study were for the most part temporarily rather than permanently unemployed. For this reason we will present data not only from the DOL survey but also from an older but equally notable study of permanently laid off workers.

Based upon the DOL survey, the trade-displaced worker is older (by four years) with fewer years of education (a full year) than the average UI recipient. Some 40 percent of the trade-affected workers had been with the same employer for 10 years or more, compared with 24 percent for the UI recipient. Trade-affected workers were significantly more likely to have been union members -- 81 percent contrasted with 48 percent for UI recipients.

The greater degree of unionization and the greater tenure with a single employer are consistent with--indeed probably contribute to--the high pre-layoff weekly earnings of trade affected workers relative to those of average unemployed worker.[13] In 1980 dollars their average weekly earnings were $308 compared with $273 for the UI recipients. Over forty percent of the trade-affected workers earned more than $8.80 per hour and over 13 percent earned more than $12 per hour.[14] Trade-affected workers had much higher annual incomes. In 1980 dollars the typical trade-adjustment recipient had an annual family income of about $21,500, as opposed to $19,700 for the average American worker.[15]

Male trade-affected workers were 17 percent more likely than general unemployed males to be heads of households. In general, trade-affected workers were more likely to be married than were the general unemployed. The significance of this fact is that it probably implies lower than average mobility and greater income-related obligations (e.g., home mortgage, larger family size).

The general profile one gathers thus far of the dislocated worker is of a stable, union, blue collar, moderate-wage worker, whose family has some additional source of income (note that the wages of the worker account for $16,016 of an annual income of $21,500, or 75 percent).

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[13] Indeed some observers have suggested that this correlation indicates causation. High wages may have priced American goods out of world markets in some industries. See, for example, Charles L. Schultze (1981).

[14] The survey data refer to 1975. We adjusted the data upward by the ratio of gross weekly wages in the non-farm economy for 1980 to 1975; see Economic Report of the President, January 1981, p. 275.

[15] Census, Current Population Reports, Consumer Income, 1977, p. 2.

The DOL survey included only limited data with respect to worker attitudes. It revealed that individuals who were laid-off in mass layoffs generally expected their layoffs to be temporary. Fifty-five percent of TAA recipients had experienced an average of one previous temporary layoff. Eighty-one percent of TAA recipients did not believe they had permanently lost their jobs (73 percent were correct) and thus only 40 percent looked for work, as opposed to 60 percent of job losers in the general population (as described by the Bureau of Labor Statistics).[16] The average UI recipient spent over twice as much time in job searching during layoff as the average TAA recipient did.

The differences in job search activities among the average job loser (as reported in regular BLS reports), the UI recipient, and the TAA recipients are important and probably reflect both their relative beliefs that job loss was permanent and the effects of income support on deterring work effort (to be discussed in Section 3.3 below). Expectation of recall is a significant deterrent to job search and reemployment that must be overcome if active job search or participation in retraining is to take place.

An earlier study of dislocated workers who were laid off between 1970 and 1973 was completed in 1976. This study was performed by Professor George Neumann of the University of Chicago. The sample for the Neumann study, unlike the DOL study we have been discussing, consisted almost entirely of permanently laid off workers. Nevertheless, the data in the Neumann study basically confirm the profile we have sketched of the dislocated worker. The average job tenure of Neumann's TAA sample was 7.6 years greater than that of the UI sample. Earnings were 12 percent greater. The TAA-recipients had an average of 2.3 years less of education than did the average member of the UI sample.

Unlike those in the DOL study, the TAA workers in the Neumann study were more likely than the rest of the unemployed to be female and without dependents. This difference exists largely because female textile workers were so heavily represented in the sample. Because employment in the industries on the decline in the decade of the 1980's appears to be more male-dominated, it is likely that the demographic characteristics of TAA workers in the DOL study are a better projection of the characteristics of the displaced worker of the future.

In contrast to the DOL study, TAA recipients in the Neumann study were more likely than other unemployed individuals to receive training or counseling. Nonetheless, such services were still used by a very small proportion of the individuals involved (less than 15 percent).

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[16] Mathematica Policy Research, 1979, p. vi.

Both the DOL and Neumann studies demonstrate that permanently laid off workers typically experience significant income losses after layoff. The DOL survey showed that 49 percent of TAA men and 50 percent of women who permanently lost their jobs earned less than 75 percent of their old salaries at their new jobs. Earnings losses over the three years after layoff were estimated at $10,000-$15,000 for TAA's who were permanently displaced from their jobs in manufacturing industries.

In Neumann's study, dislocated workers who found new jobs within a year of layoff received 30 percent less in wages on average in their new jobs. In Jacobson's study of workers dislocated due to trade, it was estimated that earnings over the 6 years after layoff were 25 percent less than what those workers would ordinarily have earned.[17]

Neither the DOL study nor the Neumann study gathered information with respect to the health of dislocated workers. However, a number of studies have collected that information. Work by Ferman, Cobb, Slate, Sennet and Kasl, and Brenner for example, provide vivid portrayals of the worsened psychiatric and physiological states of men and women cast adrift when the plants in which they worked shut down.[18] The likelihood of higher rates of heart disease, suicide, child abuse and mental breakdown within this population have been noted in several studies, including Brenner's in-depth statistical work on the subject. Arthur Shostak has pointed out the frequent return of unwanted habits such as drinking, gambling, and sexual problems during periods of unemployment.[19]

Thus from all of these studies we can generalize that the dislocated worker differs from the general unemployed worker in that he is older, white, less educated, much more experienced, accustomed to higher earnings and income, and less likely to have had recent experience in job search. He is less likely, than the average unemployed worker, to believe that his job is permanently lost and probably less accustomed to receiving unemployment related services. He is likely to experience significant earnings losses and both psychological and health problems in adjusting to the fact of having lost a long-time job.

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[17] Jacobson (1979).

[18] For a discussion of this literature see Ferman and Gordus (1979) and Brenner (1973).

[19] Shostak (1980).

2.3.3 Summary of the Needs of Displaced Workers

The distinctions between dislocated and other unemployed individuals indicate that their needs after job loss differ. The primary needs of dislocated workers are summarized below.

- Dislocated workers, more than other unemployed workers, need to be convinced their jobs are over and that they must look anew.
- They do not need job readiness instruction or an opportunity to develop a track record in the labor force.
- They are more likely than other workers to need job search assistance and information, as their skills in job search are rusty.
- They may need retraining or assistance in relocating, or a knowledge of such opportunities.
- They may need income assistance; however, both empirical and anecdotal evidence indicate strongly that such assistance delays reemployment.
- They may need psychological support to deal with the stresses of their unfamiliar situation.
- They need information with respect to the resources in their communities which can facilitate their readjustment until reabsorption into the labor force.

2.4 THE CHANGING COMMUNITY RESOURCE PICTURE

The previous two subsections have documented the fact that there is likely to be continued displacement of workers who will then need counseling, retraining, placement, and perhaps relocation services. The primary purpose of this section is to determine what resources will be available to supply these services in the future. Thus we can determine whether there are likely to be unmet needs.

Our analysis is neutral with regard to the policy issues of the advisability of budget cutting and the appropriate distribution of budget cuts. Our purpose is to indicate the potential affect of the forthcoming U.S. expenditure reductions on the particular issue under study here. We do not intend for this analysis to be exhaustive. In particular we do not discuss all the programs affecting the state and local sector that are being reduced in scope. We choose, rather, to highlight the programs we judge to be among

the most significant. Finally, we note that the precise distribution of expenditure reductions may not be known for several months until Appropriations Committee actions are complete. The data presented here are certainly indicative of the broad outlines of the cuts, but must be considered preliminary.

Adjustment assistance needs will, of course, vary across workers and localities. In the aggregate, however, the following types of assistance would probably be sought at the local level:

- Counseling, retraining, placement through the Comprehensive Employment and Training Act, state vocational training programs, and non-profit organizations;
- Job development funded by Economic Development Administration grants and comparable state and local sources of grants, subsidized loans, and loan guarantees;
- Cash and in-kind assistance through Trade Adjustment Assistance, Unemployment Insurance, and Public Assistance programs; and
- Crisis intervention, social services, mental health assistance through the state social service network funded under Title XX of the Social Security Act, the Community Services Administration, programs of various health services agencies, and the Low Income Energy Assistance Program.

We therefore turn our attention to the amount of resources of these kinds that will be available in the near future. In studying resource availability, we note the difference between the level that localities might have expected to have available to them and projected actual levels. To do this, and at the same time to keep the analysis relatively simple, we will present for each of the federal programs and state/local resources enumerated above, the following three figures (as reported by the Congressional Budget Office during the Summer 1981 congressional deliberations on the Budget for Fiscal Year 1982):

1. Projected fiscal year 1981 outlays.
2. Baseline fiscal year 1982 outlays, or, variously, the amount of program funding required in fiscal year 1982 to maintain program service levels, given inflation and normal population change (for Food Stamps, UI, AFDC, Title XX, Low Income Energy Assistance, CSA) or program reduction legislated earlier in 1981 (EDA, Trade

Adjustment Assistance). (For a discussion of this concept see CBO (July 1981).)

3. Projected actual fiscal year 1982 outlays, based on the Congressional Budget Office analysis of the Omnibus Budget Reconciliation Act of 1981 (House Report No. 97-208).

The difference between items (2) and (3) is a useful indicator of the shortfall that will be felt by local communities around the country. This is because they may have developed expectations and made their plans anticipating an extension of the most recent program levels.

Exhibit 2-7 presents the three budget figures and the difference between the FY 82 Baseline and Projected Actual FY 82 outlays. Before proceeding we should note that FY 83 and succeeding years will if anything exhibit larger reductions since outlays in FY 82 are affected by funds authorized to be spent in previous years, but not yet spent. Moreover, some programs will experience only modest budget cuts in 1982 and larger ones in succeeding years.

The message of the Exhibit is clear. At a time when the need for adjustment assistance is growing, its availability is in sharp decline. The following items are particularly notable in the impacts they will have on resource availability at the local level.[28]

- CETA, the major training and public service employment program is being cut sharply. Public Service Employment (Titles II-D and VI) is to be eliminated, resulting in a loss of some 300,000 job opportunities. The adult training and upgrading programs (Titles II-B and II-C) are to be cut by about $150 million. Finally, the promising new Title VII Private Sector Initiative Program, is being cut by about $8 million. Note that even modest cuts involve large real spending cuts (i.e., those adjusted for changes in purchasing power).

- The vocational and adult education system will be cut by a modest $17 million from anticipated budget levels. Its authority to spend in future years is being cut by nearly 20 percent. The system now serves hundreds of thousands of students both through its own programs and through training activities coordinated with CETA.

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[28] In Chapter 3's review of programs that can assist dislocated workers, the function of each of these programs are explored.

EXHIBIT 2-7

PROJECTED OUTLAYS FOR SELECTED FEDERAL PROGRAMS,
FISCAL YEARS 1981 AND 1982
(millions of dollars)

Program	(1) 1981	(2) 1982 Baseline	(3) 1982 Projected Actual	(4) Change from Baseline ((2)-(3))
CETA				
Title II B & C	$2,000	$2,212	$2,059	-153
II D	1,560	2,760	0	-2,760
VI	877	1,118	26	-1,092
VII	312	301	294	-8
Vocational and Adult Education and Training	932	923	940	+17
Economic Development Administration	560	590	480	-110
Trade Adjustment Assistance	2,500	1,500	205	-1,295
Unemployment Insurance Benefits	20,530	18,280	16,800	-1,480
Food Stamps	11,480	12,300	10,640	-1,660
Aid to Familes With Dependent Children	14,740	15,900	14,742	-1,158
Social Service Grants (Title XX)	2,920	3,020	Block Grant a/	-700
Community Services Administration	540	568	Block Grant a/	-120
Low Income Energy Assistance	1,850	2,250	1,850	-375
Mental Health Services b/	956	1,033	Block Grant a/	-30

a/ A block grant involves allocating a fixed sum of money to a state and permitting that state to spend the money in accordance with its priorities. The size of these allocations is unknown at this time. These block grants involve reductions in program outlays.

b/ Budget estimates include programs for alcohol, drug abuse, and mental health.

Source: Congressional Budget Office.

- The Economic Development Administration, which supplies much of the funding for community development and private investment stimulus projects, faces outlay cuts of roughly 20 percent. Future year outlay reductions will be much larger, however, since program budget authority is being reduced from $720 million to $290 million.

- The income maintenance programs are to be cut by a total of nearly $6 billion. In the short run, the reduced level of assistance will cause hardships. In the longer run, however, the reduced availability of payments for individuals who are not working may increase the speed with which workers begin to seek training, placement, and relocation. This is certainly the unanimous view of local employment and training officials with whom we met.

- Programs that aid in crises situations, such as those supported under EDA's Sudden and Severe Economic Dislocation grants and Social Services, can be of enormous importance to displaced workers. Such programs might be offered by states experiencing major layoffs, funded by revenues granted to states under a federal block grant. It is not possible to predict with any precision the programs that states might develop and their funding levels. In the aggregate, however, there will almost certainly not be enough funds to replace completely the programs that might be put into block grants. In general, the Reagan Administration has proposed placing large numbers of programs into block grants totaling on the order of 25 percent less than the FY 1982 Carter Budget levels for all the included programs in total. It is important to note that these cuts do not necessarily imply a reduced funding level for programs aimed at displaced workers. The fraction of funds that are devoted to such programs will depend on state priorities. There is no information with respect to the amount of these funds which are now being used to assist displaced workers, but the liklihood is that the amount is not great. If states are given more flexibility, and if communities make assisting laid off workers a high priority, funding for viable program models for adjustment assistance services could actually rise.

In the past, resources have been available not only at the Federal level, but also at the state and local level. Indeed, one potential source of resources to offset the reductions in federal funding for adjustment assistance programs is the state and local sector. For one thing, these levels of government could gain some flexibility in programming as a result of the Reagan Administration's program of block grants. For another, states and localities could decide to reallocate their own funds to provide greater aid to displaced workers and/or to raise taxes for this purpose. The extent to which the latter might happen is subject to speculation, but in the age of Proposition 13 in California and Proposition 2-1/2 in Massachussets, such tax increases seem unlikely. On the other hand, dislocated workers as a group, more powerful politically and thus could probably command a greater share of assistance funds than could disadvantaged unemployed workers.

The degree to which federal funding cuts will affect states can be inferred in another way by examining the share of federal dollars in total state revenues. In 1979, the latest year for which such data are available, federal funds granted to states accounted for 22 percent of total state revenues ($54.5 billion of $247 billion).[21] These ratios do not vary dramatically across the states. In New York the share of federal funds in total state revenues was nearly 24 percent in 1979; the same figure is 21 percent in Michigan, 20 percent in Pennsylvania, and 18 percent in Ohio. Thus the reduction in federal funds to states will be more than marginal. Either budgets will be cut by the indicated amounts across the board, or some programs or functions will experience even larger cuts.

The reductions in services will manifest themselves differently in different cities. One mental health administrator told us that only the very rich and very poor will receive counseling services in her area. Many employment service offices have already eliminated counseling because of the expense. In Seattle, 2,200 public workers plus former PSE workers will lose their jobs and further strain a social service system that is being cut by 25 percent. In Buffalo, the Economic Development agency will be able to commit no new funds in the near future and the Private Industry Council will cut back its anticipated training programs to those for which funds have already been committed. Milwaukee will be postponing improvements in its undersized sewer system.

Except for a relatively few well-off states (e.g., Texas, Louisiana, Alaska), the net fiscal position of the states is not strong. When pension trust funds--which are generally not available for current expenditures--are netted out, the states, overall, are in rough budgetary balance. A recent Commerce Department analysis suggests that unless there is some improvement in the economy, the non-pension fund budget balance of states overall could move

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[21] Statistical Abstract of the United States, 1980, p. 302.

into deficit in the near future.[22] For states such as Michigan that have or will have a disproportionate share of displaced workers, the budget balance situation is rather more precarious. Such states, in addition, have amassed large deficits in their unemployment insurance trust funds. Michigan, for example, has a deficit of $842 million.[23]

It seems fair to conclude that the chances are small that states and localities would be able to offset the reductions in federal resources for assisting dislocated workers. However, a reallocation of funds in that direction is likely to be politically popular, at least in some locations. Several CETA directors have indicated to us that with no targeting requirements, they would be forced to use more dollars for displaced workers relative to low income persons than they do now.

2.5 SUMMARY AND CONCLUSIONS

The problem of worker dislocation due to mass layoffs is likely to continue in the coming years, as industries modify their technologies and as resources shift from one industry to another. At the same time, the skills demanded in jobs that will become vacant and be created will be different from those of the workers who lose their jobs. The workers who are likely to lose their jobs will often be semi-skilled or skilled, relatively highly paid, experienced manufacturing workers whose jobs are phased out because of foreign competition or an incorporation of new computerized, automated, or energy efficient technologies in the workplace. These workers will probably have difficulties believing that their jobs of ten and twenty years have vanished and will have psychological and physical problems in adjustment. In addition, they will have little recent experience in looking for work, and they may need informational and job search assistance, counseling, retraining, or relocation assistance.

At the same time, resources for assisting these workers -- for example, CETA, EDA grants, and income maintenance -- will be cut dramatically. What kinds of resources will become available will depend on the priorities state and local governments place on this group and the availability of viable programs to which to devote those funds.

In the next chapter we turn to an examination of the range of employment and training, economic development, and income maintenance programs that have been used here and abroad to deal with worker dislocation problems.

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[22] See Levin (1981).

[23] See Killingsworth (1981).

Chapter 3

CURRENT AND HISTORICAL EMPLOYMENT AND ADJUSTMENT PROGRAMS

3.1 INTRODUCTION

The purpose of this chapter is to distill from past and present programs the most and least promising approaches to the worker dislocation problem. The effort is to identify and assess major strategies for accomplishing the reemployment of laid off workers, rather than to study in detail a host of essentially similar programs.

A large variety of programs involving training, placement, or job search assistance have been undertaken and evaluated in the last 20 years. Nevertheless it remains unclear which components of those programs have been effective in dealing with aspects of most interest here, because most analysis has, at best, determined cost-effectiveness for the programs as a whole. Little attention has been paid to processes and techniques. As we will discuss at some length in our summary evaluation of promising program ideas, administrative and management features are at least as important as programmatic elements.

Therefore in this chapter we intend to try to identify for different program components the probable causes of their success and failure. We will then draw implications for the design of an adjustment program for the displaced workers of the 1980's.

This chapter is divided into three broad parts--the analysis of domestic programs other than income maintenance, the discussion of income maintenance programs, and the analysis of foreign approaches.

The programs to be examined in the first part of this chapter (Section 3.2) fall into six categories in accordance with their emphasis. In particular we will consider efforts emphasizing the following approaches:

- economic development
- training and direct employment
- placement
- self help in job search
- relocation
- multidimensional approaches.

In the second part of the chapter (section 3.3) we discuss programs which for the most part provide financial assistance to workers during layoff. That

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section includes the Trade Adjustment Assistance program, unemployment insurance and supplementary unemployment benefits, food stamps and Medicare.

The discussion of foreign programs in the third section (section 3.4) describes Western European and Japanese programs and policies. (Canadian programs are discussed in Chapter 4.) Most have never been evaluated formally. Our emphasis in that section is to judge the possible application of those programs to the United States, given the differences between labor markets and political and institutional contexts.

The analysis in this chapter will be based on descriptive materials with respect to the programs under study, evaluations and case studies where available, and interviews with practitioners and experts. Unfortunately the quality of most formal evaluations of older programs is poor, in the sense that control or comparison groups were seldom used. While there are several notable exceptions to this rule, it is fair to say that few hard and fast conclusions have been established. Other promising programs are too new or informal to have been evaluated at this point. In discussing these newer programs we will rely on interviews and preliminary data to draw our conclusions.

3.2 DOMESTIC EMPLOYMENT, TRAINING, AND ADJUSTMENT PROGRAMS

3.2.1 The Economic Development Efforts

3.2.1.1 Justifications for the Strategy.--The best argument for economic development as an employment strategy is that, in the absence of new jobs in a community (whether net new jobs or replacement for lost jobs), training and placement programs only serve to reallocate existing jobs between the individuals who enroll in the programs and those who don't. A successful economic development strategy aids a depressed area in attracting new resources and thus new jobs to divide among those who need them.[1]

Recently there has evolved an increasing appreciation of the importance of close linkages of economic development and job training programs. The new CETA Title VII program and the concept of "customized training" for new or expanding plants[2] are evidence of this trend to make employment and training programming relevant to the economic needs of the job providers in local communities.

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[1]We ignore the parallel issue of the extent to which community economic development efforts simply reallocate jobs among residents of different areas.

[2]For a useful discussion see Short and Levine (1979).

3.2.1.2 The Area Redevelopment Act.--The Area Redevelopment Act of 1961 was intended primarily to alleviate substantial and persistent unemployment and underemployment in rural areas. Its primary function was to provide technical assistance and loans to local organizations planning development activities. A much less important or rather less used function was to fund retraining programs (operated through state vocational institutions) and trainee stipends in the same area.

To be eligible for financial assistance an area had to be designated a redevelopment area by the ARA Administrator and submit a redevelopment plan for his approval. According to the former ARA administrator, almost all funds were allocated to depressed Appalachian areas and very little were used for retraining.[3]

A notable exception to this rule was the role the ARA played in response to the 1963 closing of a large Studebaker automobile plant in South Bend, Indiana. In that case two week notice was given to the almost 9,000 workers that the plant would close. President Kennedy directed the ARA to work with the South Bend Community in attracting new business. In addition, a full time federal official was assigned to coordinate federal efforts in South Bend; the Secretary of Labor was directed to provide manpower programs; the Secretary of Agriculture was asked to distribute surplus food; and the Secretary of Defense was asked to "see that the $87 million Studebaker military truck contract was completed in South Bend."[4] Interestingly the South Bend area would not have qualified for ARA assistance under the normal eligibility requirements.

The Studebaker program was generally thought of as a great success. The primary reason for success was very likely the unified effort of private, nonprofit, federal, and local enterprises and community groups concentrated on South Bend and its problems. Loans, training programs, counseling and job development by the Employment Service were credited with developing jobs or finding placements for approximately 50% of the workers who did not retire. In particular the employment service sent 2,300 letters to Indiana employers in metal working industries selling each worker on the basis of an in-depth analysis of his or her skills.[5]

The ARA Studebaker program was never evaluated formally. It is particularly difficult to judge how much credit to give the ARA for the program in South Bend. From the data available it appears that the primary economic development activity did not result from ARA loans but rather from

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[3] Conversation with Mr. William L. Batt, Administrator of ARA in 1964.

[4] ARA casebook report.

[5] Ibid.

the priority the area was given in being awarded government and particularly DOD contracts. These contracts were awarded as a result of an Industrial Procurement Conference sponsored by Indiana's Congressional delegation, community groups and several government agencies, at which the Army, Navy, Air Force and six civilian government agencies were represented.

The former ARA administrator believes that it was primarily the concerted effort of local, private, and government organizations at every level that can be credited for the success of the program. Most probably the obvious Presidential interest in South Bend increased the interest and effort of other parties. The selling of employees to new employers by an agent that knew their particular skills was also judged as being an important component of the success of the effort. The extreme commitment of all the parties was judged as being absolutely essential to the success.

3.2.1.3 Office of Economic Adjustment, Department of Defense.--Since 1961 the Department of Defense has provided adjustment assistance to over 250 communities affected by base closures, Defense personnel cutbacks, and contract terminations. In 1970 the President's Economic Adjustment committee was created under the chairmanship of the Secretary of Defense to coordinate the delivery of assistance from federal agencies to communities affected by defense realignments.

The focus of the DOD program is to find new uses for vacated military facilities. In particular, it attempts to mobilize local business leaders and members of the banking community to attract new industry. According to the former director of the OEA, "the cooperation and leadership of the chambers of commerce across the country have been indispensable. The mayors and the city counsels play a vital role, but the private sector knows real estate and business potential and can successfully market these properties from the first."[6] As an example of their success in "selling" the former bases, in a survey of 91 assisted communities it was discovered that DOD efforts resulted in a total of 115,000 jobs to replace 88,000 lost defense jobs. Industrial parks were established at 60% of the bases. Several sites underwent extensive OEA funded redevelopment. Educational institutions and airports occupy the remaining facilities. Of course, we do not know whether these arose as a result of Federal grant and loan assistance to local firms and agencies or whether they would have been created even without the aid of DOD.

While the DOD program of sponsoring economic development through the initiative of private real estate agents and bankers has an excellent reputation, its transferability to most plant shutdown situations appears

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[6] Nations Business (1979).

limited. First of all, the base properties are very attractive pieces of real estate--unlike many old plants. They ordinarily are characterized by excellent roads, sewers, water systems, and electrical systems. Old plants would be far more difficult to sell.

Second the DOD program has the advantage that the areas it assist receive automatic priority for federal contracts and the full range of government services. As in the Studebaker situation, if a city can be granted priority status for resources, its situation is automatically less severe. It is obvious that when a dislocation problem afflicts many communities severely and simultaneously, not every community can be given priority in terms of federal attention, funds, and contracts. An adjustment program based on such priority can work only on a small scale.

Finally, the DOD program pays no explicit attention to workers who lose their jobs, other than to those who are handled through the DOD personnel system. Under the latter system employees have transfer and seniority privileges within DOD similar to those of the federal civil service. Hence they can "bump" less senior employees out of jobs. However, employees who do not fall within the transfer system are left to fend for themselves. The rate of their reemployment is unknown.

The most useful programmatic element for the design of a general adjustment program in the case of plant closings and mass layoffs is the use of the private sector in economic and job development. According to a present OEA administrator, local commitment and initative in gathering resources and solving problems is the critical feature of a successful adjustment activity.[7] In fact, he views EAO's principal role as that of a catalyst to galvanize local concern, initiate adjustment activity, and assist in leveraging other federal resources. It is of some interest to note the similarity of this role with that of the Officers of the Canadian manpower adjustment program discussed below in Chapter 4.

3.2.1.4 Economic Development Administration.--The relevant EDA program for which communities experiencing mass layoffs and plant shutdowns can qualify is the Sudden and Severe Economic Dislocation program, part of Title 9 of the Public Works and Economic Development Act. The program is designed to help local areas develop and implement economic adjustment plans. Planning grants are offered to areas that qualify--primarily rural areas and small towns. According to an EDA administrator, very few loans are available to the kind of cities experiencing shutdowns.[8] Fewer will be available in the future, because EDA will be cut back substantially according to current projections.

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[7] Conversation with Mr. Robert Rauner; OEA Deputy Director.

[8] Conversation with Mr. John Savage, EDA Administrator.

One of the primary difficulties involved in programs which aid in planning after a shutdown is that often there is so little notice of the shutdown that planning is impossible. After a shutdown, planning is a relevant activity; however, its results may bear fruit too late to provide much assistance to workers during their transition period. This is a particularly telling point because of the overriding importance of beginning adjustment efforts as early as possible. In addition if a community, by combining its own resources and the federal resources available to it, still has inadequate funds to operate training programs, modernize its infrastructure, or otherwise create a "positive business climate", economic development efforts may meet with little success.

3.2.2 Training and Employment Efforts

3.2.2.1 Justifications for the Strategy.--Training and retraining programs are useful strategies for mitigating unemployment, provided the cause of that unemployment is a mismatch between the skills of the worker and the skills employers demand of their new employees. Training and retraining programs are useful only if vacant jobs are available, if the training is geared to the requirements of the vacant jobs, and if there are no other reasons (such as discrimination or language problems) that the worker is "undesirable" to employers.

In the case of dislocated workers, retraining is a possible strategy for workers whose skills are not readily adaptable to other lines of work and who cannot find jobs utilizing their own skills. The success of retraining depends on the desire of workers to undertake it and the appropriateness of that retraining to the jobs a worker is willing to accept.

There are several theories underlying the use of subsidized employment programs for laid off workers. One is to provide a holding vat until a person can find suitable unsubsidized employment. During that period the individual provides some value to society rather than simply collecting income maintenance without making a productive contribution. In addition the worker avoids the psychological and physical trauma of unemployment. Typically this argument is made for public service employment.

A second related argument is that both public and private employers may be willing to hire certain employees given a subsidy. The cost of the subsidy may be less than the cost of providing income to the person during unemployment and thus would be a preferable use of public money. In addition society gains the workers output during employment.

A third argument is that, realistically, some workers will never find new jobs. For these workers, some people believe the government should provide a job of last resort.

The following pages review the major employment and training programs of the last twenty years.

3.2.2.2 The Manpower Development and Training Act.--The MDTA was passed in 1962 as the first comprehensive government effort to help unemployed and underemployed individuals by providing necessary training and job skills. It was targeted on experienced workers. In part, the program originated as a result of the fear that the United States was being surpassed technologically by the Soviet Union. Thus American workers would have their skills increased in public training programs. The program enrolled 2.3 million people in its ten year existence.[9]

The initial objective of the program was retraining of individuals who lost their jobs due to technological change. Displaced workers would be trained to fill the shortage of skilled workers. In the first four years of MDTA, the majority of recipients were family men with at least three years of previous experience.

In 1966 the War on Poverty turned the attention of policymakers to the extraordinary plight of the disadvantaged. Thus in 1967 the objectives of MDTA changed. It was decided that 65% of trainees would have to be disadvantaged and that the goal would be to train people for occupations in which there was a reasonable expectation of employment.

The training programs which were offered were of two types--institutional or classroom training and on-the-job training. Institutional training was offered by vocational education schools in skill shortage occupations as identified by the Employment Service. On-the-job training (OJT) involved MDTA's paying employers to train eligible individuals at the workplace.

Evidence on the effectiveness of the training programs is mixed. Generally agreed upon assessments are that the MDTA program was based on a conceptually faulty design. Skill shortage occupations could not be identified so that vacancies and the completion of training could occur at the same time. The costs of institutional training were judged prohibitive. By the end of the program most policymakers were distrustful of the ability of the ES and vocational schools to deal with the special psychological problems of the disadvantaged target population.[10]

MDTA has been studied extensively. The studies are somewhat difficult to generalize from--samples of individuals studied are usually small and local rather than national, and often comparison groups are absent. Nevertheless

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[9] Mangum and Walsh (1973).

[10] Johnson (1978).

the fact that their results appear to confirm one another lends credibility to the conclusions they draw. For our purpose, the fact that few differentiate between displaced and disadvantaged workers is an additional problem. Fortunately one excellent study addressed this question carefully.[11]

The effect of MDTA training appears to have been positive. On-the-job training, which was found to be only 25% as expensive as institutional programs, was particularly cost-effective in terms of increasing the earnings of participants. This may well be because OJT placed people in real job vacancies at the outset of the program, thus automatically enhancing the probability of post-program placement.

The impact of training on displaced as compared to disadvantaged workers is ambiguous. Most studies that have investigated this issue found that disadvantaged workers benefit more, however one careful study found the reverse: the rate of return for nondisadvantaged workers was six times as large as that for the disadvantaged.

There is some evidence that MDTA training had a greater impact in tight rather than loose labor markets and on those with relatively little education.[12] There is some evidence that those with initial low earnings experience the greatest earning gains.[13] Studies by Stromsdorfer and Sewell found that those with a long history of unemployment responded more to training than those with shorter unemployment periods.[14] Two studies which investigated the effect of family responsibilities on the effectiveness of training found no relation.[15]

There are several lessons that can be drawn from MDTA in the design of a program for dislocated workers. One is that retraining does appear to have a positive effect on middle aged dislocated workers and that OJT is probably the more successful form of training because of its lower overhead and its direct connection to employers. Another is that retraining will be more useful when tied to vacancies than when it is offered without that connection. We note with some comfort that all of these research findings comport with simple common sense. We also note that retraining may be less effective now than it was then, because labor markets are looser now in areas affected by dislocation.

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[11] Smith (1970).

[12] Smith (1970).

[13] Goldstein (1972).

[14] Stromsdorfer (1968), Stromsdorfer (1972), Sewell (1971).

[15] Stromsdorfer (1968), Olympus Research Corporation (1971).

3.2.2.3 National Alliance of Business/JOB OPPORTUNITIES in the BUSINESS SECTOR.--The JOBS program began in 1968 as an effort to provide private sector jobs and training for the hardcore unemployed by offering government subsidies to employers who would take on qualified workers. The National Alliance of Business formed at the behest of President Johnson to bring private sector skills and resources into the War on Poverty, would develop placements by the active promotion of programs among business firms. The promotion would stress the responsibility of local business to do its share in solving local problems such as unemployment of the poor. The JOBS experience is perhaps most useful in providing experience with private sector programming and with large scale use of OJT subsidies.

After 5 years of operation JOBS had enrolled 365,000 workers, according to the Department of Labor.[16] It is believed that many of those workers were actually not disadvantaged and would have been hired anyway even without a government subsidy. In addition two studies (one by GAO and the other by Greenleigh Associates) found that the jobs filled under the program were low skilled, high turnover jobs involving no training or possibility of advancement.[17] The GAO felt that inadequate monitoring and the rapid startup of the program allowed these misuses of funds.

Over the years since the early 1970's, NAB continued to exist, but its activities were continually reduced as interest faltered. In 1978, however, a rejuvenated NAB was given a key role in the new CETA Title VII program (discussed below).

The difficulty of gaining large scale, continued, and interested private sector commitment to non-business goals should perhaps come as no surprise. Business participation in NAB-JOBS was to a large extent altruistic. This may have been part of JOBS' difficulties--the expertise of business is not obtained through altruism; rather it is obtained through the legitimate pursuit of business interests as defined by business. Thus some firms have traditionally shown great social concern.[18] Others have not. Inspiring social concern in the business community may be rather more than the public sector should attempt to accomplish.

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[16] Mangum and Walsh (1973).

[17] Comptroller General of the United States (1971) and Greenleigh Associates (1970).

[18] The efforts of Control Data Corporation and KLH to locate plants in inner city areas have received national attention.

Most subsidy programs have been more or less ignored by business particularly if they are targeted on disadvantaged workers.[19] In part this probably results from the "labeling" effect of a targeted program. Firms think any potential recipient clearly has some sort of problem, or he or she would not be eligible. Moreover, businesses have consistently reported that they want no part of government paperwork. On the other hand, there have been instances of active, successful public-private partnerships targeted to business needs. The rush of many states to offer customized training suggests that business will accept subsidies, but only for what it perceives its real needs to be.

3.2.2.4 The Comprehensive Employment and Training Act.--The Comprehensive Employment and Training Act, CETA, is the authorizing legislation for the federal government's basic employment and training funding. As such, it commands relatively more of our attention than the other programs reviewed here. Passed in 1973 as the successor to MDTA and EOA, CETA was one of the Nixon Administration block grant proposals. One of its goals was to improve on MDTA by providing local communities with the resources and the flexibility to operate programs that would meet local needs. Any jurisdiction with 100,000 or more residents could qualify to be a CETA Prime Sponsor, the basic organizational unit. At present, there are some 496 Prime Sponsors, in cities, counties, multi-jurisdiction consortia, or on rare occasion in Governor's offices.

CETA is organized in Titles and includes programs for adults and youth. Because our principal interest is in programs for adults we exclude from this discussion the titles that deal with administration (I and V) and Youth programs (IV), and we discuss each relevant Title in turn.

Title II-B--Training. The basic classroom and on-the-job training programs for low-income individuals are funded by Title II-B.[20] Classroom training, as its name suggests, consists of direct instruction in particular topics that could include general skills, woodworking, mechanical drawing, and the like. On-the-job training (OJT) refers to training provided in a workplace setting.

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[19] This has been the case with wage subsidies in the Work Incentive program and with the current Targeted Jobs Tax Credit. A very generous subsidy program was experimented with in New York City in the early 1970's and also had difficulty enrolling business (see, Institute for Public Administration (1976).

[20] Non-disadvantaged individuals can obtain training through extensive state-operated vocational and technical education programs. These are discussed below.

To be eligible for placement in a Title II-B program, the individual must have been unemployed seven consecutive days and be a member of a family whose income during the prior six months was less than the "income limit" of about $9,800 (70 percent of the Bureau of Labor Statistics Lower Living Standard). Few, if any, displaced workers qualify under these standards.

Title II-C--Upgrading and Retraining. CETA Title II-C provides funds for upgrading and retraining. Workers affected by mass layoffs or plant closings are eligible for such services under two conditions: if they have received a bona fide notice of layoff within the last six months and if the CETA sponsor can prove they have little or no opportunity for reemployment in the same or an equivalent occupation or skill level in that geographic area. To qualify for upgrading the worker must be working for at least six months in entry-level, unskilled, or semiskilled positions, or in a position with little opportunity for advancement and promotion.

Few CETA sponsors have used II-C money to retrain displaced workers. Ambiguous eligibility requirements and sponsors' priorities for serving the disadvantaged are joinly responsible. For example, until Spring, 1980, many sponsors believed that a program for retraining could be funded under Title II-C only if the sponsor could demonstrate prior commitment for hiring by an employer. In 1980 as a result of a lengthy three way discussion between an Illinois sponsor, a Connecticut sponsor and the Employment and Training Administration, it was decided that that requirement applied only to on-the-job training. Sponsors have also said that an inability to prove "little opportunity for reemployment" makes eligibility determination difficult if not impossible.

There have been several other deterrents to the use of Title II-C funds for nondisadvantaged workers. One is that Prime Sponsors cannot plan for such programs in advance because little notice of plant closing or mass layoff is given. By the time notice is given, their funds for the year are already committed. By the following year the laid off workers may have been laid off over six months earlier and are therefore ineligible.

Another problem is that prime sponsors are permitted to allocate no more than 6-1/2% of their Title II funds to non-income tested training. This is usually not adequate in communities facing mass layoffs.

While there has been too little activity under II-C to evaluate properly the effectiveness of those activities, there are a number of recent activities funded under Title II (along with other sources) that are of interest.

For example, CETA Title II-C moneys are among the funds being used to fund the Downriver Community Conference Economic Readjustment Program. The program is administered jointly by fifteen contiguous municipalities in Wayne County, Michigan. The program includes a crisis information and referral hotline, job search workshops, and peer support groups. In addition all program participants are required to attend vocational exploration sessions in one of

five potentially high growth occupations. The program will include on-the-job training and relocation services. The program incorporates many interesting ideas but has not yet been evaluated.

Title II-D and Title VI--Public Service Employment (PSE): Even though the Congress has just eliminated these two titles effective October 1, 1981 it is useful to include them in this discussion since public employment is sometimes mentioned as a way to assist displaced workers.

Local Prime Sponsors were provided funds under these titles to establish employment projects or to subsidize employment opportunities in the regular local government apparatus. Title II-D is a permanent program of job creation for the economically disadvantaged (income less than about $8,800). Title VI is a countercyled job creation program, also to be targeted on low income individuals.

Under Title II-D PSE, participants must be from low-income families and unemployed for 15 of the 20 weeks immediately prior to applying for jobs. For Title VI PSE jobs, participants must have been unemployed for 10 of the previous 12 weeks or have been receiving public assistance for the same period. In addition, they must be from low income families.

One key goal of CETA PSE was transition to unsubsidized jobs in the private sector or unsubsidized public sector. Transitions to unsubsidized jobs actually occurred in a minority of cases, probably less than 20 percent. As a result CETA PSE had come to be viewed a holding vat for persons who were hard to employ, a method for providing assistance tied to a job. The relative ease with which the PSE program was dropped from CETA suggests that widespread dissatisfaction existed with it. To be sure, hundreds of thousands of workers were aided and needed services were provided. Nonetheless, as a labor market tool, the program had clearly grown too large given its effectiveness (almost $3 billion in FY 80 for Titles II-D and VI).

The deletion of PSE from CETA will have two effects on dislocated workers (1) no PSE opportunities will be available for displaced workers who could qualify and (2) some disadvantaged workers who previously might have obtained PSE jobs, will be placed in II-C slots, thus setting up a competition with the displaced workers for whom such opportunities would be a logical placement.

Title VII--Private Sector Initiative Program. In 1978 Congress added to CETA a new program--the Private Sector Initiative Program, PSIP--whose goal was to bring private business into a closer relationship with CETA. The key operating arm would be the Private Industry Council (PIC). PIC's were to be relatively independent of CETA Prime Sponsors but would receive funds through them. Any student of bureaucracy could see here a formula for difficulty.

The PIC's are to be governed by Boards of Directors, to include representatives of private business, labor, and the CETA prime sponsor. Their goal is to tap into the knowledge and expertise in the private sector and to relate more closely employment and training efforts to economic development.

The Congress' assumption in enacting the PSIP was that CETA agencies were not interacting adequately with the private sector. Whether the presumption was true and, if so, whether Title VII changed the fact is not yet clear. What is clear, however, is that the Private Industry Council idea presents a new and fairly unique entity. For the first time a body that has, or should have, substantial private sector backing and control, has program responsibility for a substantial amount of employment and training funding (though a small proportion of the total). (Title VII was authorized to spend $325 million in FY 1980.) Title VII provides authorities that can be used to fund projects for displaced workers,[21] although widespread use of such funds for this purpose would probably be frowned upon.

To the extent that private sector involvement in programs to assist displaced workers is deemed to be useful, the PIC could assume a major role. It is ideally situated to be a catalyst and an organizer. Thus the evolution of PIC's should be carefully watched.

Other Funding Sources

In addition to funds granted directly to prime sponsors under CETA, there are other sources of funds such as the Governors "set-asides", and national demonstration funds under Title III that can be used for dislocated workers. Title III has been a source of funds for special projects which did not necessarily fit within CETA's other categories. For example, United Auto Worker Crisis Centers for unemployed workers were funded by Title III[22] as is a United Food and Commercial Workers project to train field workers to assist communities and workers in dealing with dislocation problems. Title III also supplied funds for a Downriver Michigan project to demonstrate ways to assist dislocated workers.

The Governor's Grants or set-asides are targeted for specific purposes.[23] For example, the "4 percent set-aside" of Title II-B funds is to be used for" coordination and special services." Much of the funds

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[21] See National Alliance of Business (1981), pp. 32-33.

[22] See Illinois AFL-CIO (1980), p. 38.

[23] National Governors' Association, Volume I (1981).

apparently go to programs for minorities, women, and the handicapped.[24] Nonetheless, according to CETA officials with whom we spoke, Governor's set-aside funds, especially the 4 percent set-aside, can be used in limited instances for programs to aid the dislocated. However funds are limited. In FY 1982 Title II-B and C funding is projected to be nearly $2 billion, 4 percent of which equals about $80 million. Since not all Title II-B and C funds go into the set-aside and since most of the set-aside goes for other programs, a major shifting of priorities would be necessary if Governor's set-aside funds were to be available for dislocated workers.

In general there seems to be broad agreement that CETA has not lived up to the flexibility and local control goals of the 1973 Act. Amendments since 1973 and DOL planning and evaluation processes have served to add cumbersome and time-consuming requirements. One CETA director reports receiving from DOL 50 to 100 pages of new regulations or intepretations of regulations per day! No doubt some of this interpetation has been requested by local Prime Sponsors. Nonetheless CETA regulations appear to interfere with service. Moreover, CETA Prime Sponsors have been responsible for the recent rapid growth and decline of public service employment and the recent growth of youth employment and work experience programs. Whether or not these were good or bad ideas, they were not locally developed programming directed to local needs as perceived by local community leaders.

At the same time that local CETA programs have been increasingly directed from Washington, program managers have been subject to a range of process requirements that rob the local sponsor of potentially useful flexibility. For example, some sponsors claim it is very difficult to transfer funds across titles and parts of CETA. Thus, the Prime Sponsor could not shift funds according to the needs of the locality. Moreover, because funds are allocated according to a detailed advance planning process, it is difficult to initiate a new, responsive program during a program year. These results appear inconsistent with the goals of the 1973 Act.

The 1978 Title VII amendment establishing the PSIP program is another example of national control of local programming. The emphasis on private sector involvement in employment and training efforts and the closer tie to economic development were much needed. This said, however, the PIC was imposed on local CETA agencies in a way that was guaranteed to create bureaucratic difficulties that the localities would not have invited.

The bottom line of this discussion is that the lack of flexibility means that CETA cannot be viewed as a responsive, local entity that can quickly target its resources on a local plant closing situation.

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[24] National Governors' Association, Volume II (1981).

But the lack of local flexibility and national control of CETA programming are not the only reasons CETA has not assisted many displaced workers. As indicated above, CETA's eligibility requirements restrict nearly all of Title II-B and C funding to disadvantaged workers. Moreover, CETA administrators are both committed to helping the disadvantaged and aware that their ratings in Washington depend on how effectively they target funds on the low-income population. Therefore, few dollars and program staff are available to help workers who, before the plant shutdown, may have been earning more than twice the CETA income eligibility standard.[25]

As this is written, the CETA program is undergoing dramatic change. The PSE titles are to be eliminated and the scope of the remainder of the training, retraining, and upgrading efforts are to be reduced as well, although by how much will not be known until the Congressional Appropriations Committees deal with these issues in the Fall of 1980.

Several factors indicate that the Private Industry Councils may be a useful entity to play a central role in dealing with dislocated workers. They could help to offer programming flexibility that would be particularly relevant to dislocated workers if that flexibility were granted to them. The PIC is presumably closely allied with business in local communities. Therefore it should be an obvious job development mechanism and source of labor market information and dissemination. Another important factor is that while Title VII eligibility requirements are almost as narrowly circumscribed as those of Title II-C, the difficulty of reprogramming funds across CETA Titles makes Title VII an inherently more hospitable place for programming funds to aid displaced workers. The extent to which the PIC's can fulfill this promise depends, in part, on the extent to which their operating relationship with the local Prime Sponsor is clarified and a cooperative working relationship is developed.

3.2.2.5 Vocational Schools and Private Sources of Training.--There are a large number of institutions where any individual can receive vocational training for a fee. These institutions are often the providers with whom CETA contracts to provide the training projects that they fund.

Vocational education is available to adults from adult schools, state vocational schools, community colleges, technical schools, and private business colleges devoted to particular trades. In addition training is provided through non-profit organizations such as the Urban League. And, of course, employers provide training for the employees they hire. In fact,

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[25] According to the DOL survey discussed in Chapter 2, recipients of Trade Adjustment Assistance had annual earnings of $16,016 (1980 $). TAA recipients earnings are a good indicator of the earnings of displaced more generally (see below).

training by employers is probably the single largest source of training support.

There is no data on the number of displaced workers who turn to these institutions for retraining. However, as a rule, displaced workers have not shown a great deal of independent interest in pursuing retraining of any kind.

The success with which training institutions have placed those they do serve varies by institution. Some private training centers and nonprofit agencies have placement programs which apparently are very effective. Other programs are not so effective, as CETA and Employment Service experience has shown. According to CETA sponsors, nonprofit agencies are as effective in providing training and placements as private firms.[26] There are differences of opinion on this topic, and the conclusion is ambiguous.[27] No data is available to judge these programs relative to one another.

Some vocational schools have been charged with being insufficiently geared to occupations that are hiring at present or expected to hire in the near future, however, in several innovative Southern programs vocational schools are getting involved in "customized training" tailored to expanding firms[28] (we will discuss this further shortly). Customized training involves approaching the employer to assist in planning for labor needs on the basis of resources available in the locality. The vocational system is clearly an established resource on which economic development and training programs can readily draw. Whether dislocated workers are interested in obtaining more vocational education is unknown; however, studies indicate interest is small.[29]

3.2.3 Placement Programs

3.2.3.1 Justification for the Strategy.--There are a number of institutions that occupy themselves exclusively with finding placements for unemployed individuals. The theory underlying such services is that some individuals are unable to gather information with respect to job opportunities unless they receive assistance. The State Employment Services (now often called "Job Service") and private employment agencies are notable examples.

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[26] Conversation with Buffalo City CETA staff.

[27] Weisbrod (1977); conversation with Bay Area Urban League.

[28] Short and Levine (1979).

[29] American Vocational Association (1980).

3.2.3.2 State Employment Service (ES).--The ES offers its services to all unemployed individuals. Its primary function is to inform individuals of the positions of which the ES is informed and to refer suitable individuals for interviews.

A very small proportion of job vacancies are listed with the employment service. The jobs are virtually entirely entry level positions, and are heavily concentrated in low paying domestic, service, and clerical occupations and to a lesser extent in high turnover blue collar jobs. The same jobs tend to list over long periods and the number of jobs are totally inadequate to accommodate all job seekers, particularly in areas with high unemployment rates.[30]

Many ES offices offer very little if any counseling and job search advice. For an individual whose primary difficulty is psychological or related to an inability to pursue job leads or to decide on what jobs to pursue, the ES has not provided adequate services. The Employment Service is very experienced as a placement agency. However, it is well known that the service does not specialize in individuals with labor market problems and is generally effective only for job ready individuals.[31]

The kind of brokering services the ES provides are undoubtedly important. However as a model for shutdown situations or as a service provider in those situations, the ES tends to be inadequate. Job search and job development components beyond what the ES can offer are essential if the population in question is to be absorbed in the work force.

3.2.3.3 Private Employment Agencies.--Private employment agencies are available to anyone willing to pay for them. According to a recent study, 60% of fees are paid by the job seeker.[32] Fees vary from state to state and may be as much as 10% of the gross annual salary. The rate of success with which private agencies place job seekers is unknown.

Private agencies specialize in white collar jobs, particularly clerical, technical, and professional positions. Because private agencies earn a living by providing employers with the best applicants, they screen individuals on the basis of characteristics they think employers favor. They are known to avoid placing workers they consider to have problems and are often charged with being discriminatory on the basis of age, race or sex.

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[30] Johnson (1978).

[31] Miriam Johnson (1978), Weisbrod (1977).

[32] Miriam Johnson (1978).

Private agencies also have the problem that they are motivated primarily by profits. Thus they would have to be given strong financial incentives to induce them to deal with a potential problem population, such as a group of discouraged, semi-skilled, displaced workers. Even if those agencies are given incentives, they are still unaccustomed to dealing with such groups. Thus it would seem that only in rare, individualized case would private employment agencies--as currently configured--provide a major service to typical dislocated workers.[33]

3.2.4 Self Help in Job Search

3.2.4.1 Justification for the Concept.--The reasoning underlying programs to provide job search instruction rather than a pure brokerage service is that individuals need to know how to find jobs for themselves rather than always needing a broker or agency to find a job for them. As we have seen the typical brokering agencies are not always very helpful or hospitable. Moreover, in mass layoff situation, any brokering agency will be swamped and additional help may be essential.

3.2.4.2 Job Clubs.--A job club is a group of unemployed workers that meet in relation to their job search efforts. These clubs serve three purposes: they provide peer support for job seekers, teach participants job seeking skills, and reinforce the concept that job seeking is a full-time job and the workers responsibility.[34]

Job clubs for adults have been used in the context of both WIN, CETA, and other programs with apparent success and are being incorporated now in demonstration programs such as Downriver Adjustment Project (which we have discussed) and the Midland Job Club. Job clubs have differed in their structure, but generally have the following components:

- Clubs consist of no more than twenty five people
- Each club meets regularly, as much as three times per week and four hours per day
- Half of each session is spent in job counseling and obtaining leads and the remainder in being interviewed for job leads.

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[33] It might be worth investigating giving workers "search vouchers" that could be redeemed by private placement agencies for successful placements. This might be particularly useful in areas with very weak or inactive Job Service offices. Such an idea would, of course, need further development.

[34] Illinois AFL-CIO (1980).

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- Participants are advised as to resume writing, answering interviewer questions, making telephone inquiries, etc.

- Materials needed for job search--want ads, telephones and phone books, for example--are provided.

- Members are encouraged to use not only standard sources of labor market information, but are encouraged to contact friends, employers, etc.

- All activities take place in the club so that job seekers can help one another and reenforce each others efforts.

Job clubs have met with considerable success. In a pilot program analyzed by Azrin, 65% of job club participants found jobs within a month of the program, in comparison with 35% in the control group.[35] The two groups were drawn randomly to represent a cross section of unemployed full time job seekers in the community.

In an experimental program in five sites, job club participants were placed at a rate of 62% as opposed to 33% in the control group. The cost per placement was $167. Similar success has been achieved in job clubs for youth.

In the first job club program for dislocated workers, the Midland, Pennsylvania job search club for laid off workers from Crucible Steel, CETA governor's 4% money is being used to assist 500 workers.[36] The program has two parts--a job search training program conducted at a local high school and a job search center located at the local union hall. The former instructs job seekers in job search techniques. The latter provides a setting for actual job search activity. The program is unique in that it involved both employer and union participation as well as the cooperation of the Employment Service, CETA and United Way agencies.

While many of the Midland clubs' activities are exactly those listed above, the new program goes beyond the normal job club in concentrating unusual effort on the identification of skills that can be transferred to new industries and on the analysis of information with respect to vacancies in the top 40 manufacturing industries in forty regional and local labor markets. The program is now in the process of using employers and unions to develop and

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[35] Azrin (1978).

[36] See Bowman (1981).

advertise the workers they are laying off. Direct employer and union placement has been unpopular with job club participants, because they appear to desire to find jobs for themselves. The Midland Job Club has an average cost of $795 per placement.

Because job clubs are voluntary there is reason to believe that those who need assistance most--those who can't convince themselves to start looking--do not get involved. Nevertheless job clubs such as Midland (which is too new to evaluate at this time) appear to be very promising for workers of all kinds who are interested in using them.

3.2.4.3 Job Search Seminars by Special Consultants

Employer sponsored adjustment programs are few. However some firms have contracted with outside consultants to offer one or several day job search workshops for the employees they layoff.

For example Goodyear Tire and Rubber contracted with Career Development Team, Inc. to present the following services for workers involved in two plant shutdowns:

- a justification to employees for the shutdowns and a message of appreciation to employees
- a six hour job search workshop
- a three hour clinic on resume writing
- individual counseling with respect to vocational opportunities.

Career Development has conducted over 1,000 such sessions for laid off workers; however, the usefulness of the sessions is unknown. According to one long time student of the dislocation problem, such services are very inadequate and very costly relative to job search clubs and related strategies.[37]

3.2.5 Relocation Programs

3.2.5.1 Justification for the Strategy.--The justification for a relocation program for displaced workers is that a worker may be reemployed much more quickly if he or she is willing to leave community with few jobs for one with many. This is most likely to be true when the mass lay off occurs in a community which is fairly distant from any labor market in which jobs are available.

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[37] Conversation with William Batt, International Labor Affairs Bureau.

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Since 1965, there have been four major programs designed to assist the unemployed in relocating to areas with better employment opportunities. These are the Manpower Development and Training Act (MDTA) Experimental and Demonstration Projects; the two versions of the Trade Adjustment Assistance Program (TAA); and the Job Search and Relocation Assistance Pilot Project (JSRA). Each of these programs has been studied for its effectiveness in relocating unemployed workers to areas where appropriate jobs existed.

3.2.5.2 The Programs.--The MDTA program was rather narrowly targeted on workers in selected depressed localities. A combination of grant and loan could be used to cover all transportation expenditures of the move to an area where the worker had a permanent job offer. Secondly, a separate grant was given to help defray subsistence costs during the move. This second grant was equal to the weekly wage of the worker plus up to one-half this amount for each of the first three dependents.

The two TAA programs have been in operation since 1969. Under the first version, eligibility was narrowly restricted to workers in declining industries where increased imports were the source of difficulty. Other eligibility requirements simply stipulated that the worker have worked in the industry for a year and a half prior to job loss and be the head of household (for relocation purposes). The relocation benefits were very similar to MDTA, but this TAA program offered a higher level of income maintenance (65% of average weekly earnings).

The second version of TAA had less generous benefit allowances. The relocation allowance fell from 100 percent to 80 percent, but the transition expense payments were raised from 2-1/2 times the average weekly manufacturing wage to 3 times the same. Eligibility requirements were less restrictive. Also, a long distance job search allowance was added (80% of transportation and living expenses up to $500).

Under JSRA, two levels of service were provided. The first provided out-of-area job information, long-distance telephone expenses, and up to $500 to cover travelling costs to job interviews in other areas. The second provided level 1 benefits plus a relocation allowance of $1,500.

The MDTA program assisted 14,000 workers in 60 areas between 1965 and 1972. Unemployment rates of people enrolled in the program were lower for those who moved than for those who did not. Also, the higher wages received by relocatees more than compensated for the costs of relocation assistance, but only for workers who remained at the new location permanently. The more training a person received, the more beneficial the move was.

The TAA relocation program was utilized by only 6% of the people who received benefits under the entire TAA program. The time span between lay off and relocation benefit receipt was an average of seven months, time enough for many workers to find jobs unassisted. The second version had an average time lag of 14 months between layoff. Knowledge about even these program benefits was not widespread. Only 13 percent knew about the job search allowance prior to receipt of benefits and only 12 percent knew about the relocation allowance.

Under the 1st level of service JSRA program, 40% of all enrollees used the job search allowance and 19% actually relocated. Under the second level of services, 37% took advantage of job search benefits resulting in a 21% relocation rate. It seems that for those with a prior disposition to relocation, the provision of long distance travel expenses was very useful, while the moving expense allowance had only marginal effect.

Relocation under JSRA produced an 88.5 percent employment rate among relocatees, as opposed to a 79.4 percent rate among those who did not move. Wages for the movers were also 22 percent higher. The cost of all services of this program amounted to five weeks worth of the wage gains attributable to relocation under the first level of service and nine weeks of wage gains under the second level of service. It should be noted, however, that the relocation rate of those workers not accepting JSRA services was 17 percent, only 2% lower than that of those who did receive services.

A study of the shutdown of two Canadian plants[38] revealed the importance of relocation in successful job-hunting. Although the usefulness of relocation has been demonstrated by this study and aspects of the experience of MDTA, TAA, and JSRA, the potential of relocation to play a major role in dealing with large scale shutdown situations must be viewed as limited. First, in general workers do not like to move. The Midland, Pennsylania project found that young, unattached workers readily sought "sunbelt jobs" and paid their own job search and relocation expenses, often by borrowing. But the more typical middle-aged worker with a family and home cannot move so easily. Home ownership in a buyers market may be the principal stumbling block when a family does wish to move. A large layoff in a medium- or small-sized community can glut the housing market. Most workers simply could not afford the capital loss involved in such a sale and still be able to purchase a home near a new job. Finally, most communities oppose relocation programs. They look unfavorably upon the export of persons who are experienced workers, voters, and residents who pay taxes and help generate greater inflows of federal funds.

Therefore, while mobility assistance might logically be one aspect of a worker adjustment program, it cannot be viewed as a central one.

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[38] Jenkins, et al. (1978).

3.2.6 Multidimensional Efforts Emphasizing Labor-Management Cooperation

3.2.6.1 Justification of the Approach.--Programs which have centered on labor-management-community initiative at the local level usually have encompassed a wide range of approaches to workers' problems. The justification of a multidimensional approach is apparent--even at a given factory, different workers have different adjustment needs. Perhaps the best justification for adjustment strategies that have involved union and management cooperation is that they have ordinarily reflected an appreciation of and commitment to the diverse needs of dislocated workers.

A full description of labor-management efforts is beyond the scope of this section. In this section we will discuss several of these efforts including two initiated at the federal level which operate through the establishment of labor-management committees and several originated at the plant or union level.

3.2.6.2 Commerce-Labor Adjustment Action Committee[39]--The U.S. Departments of Commerce and Labor established the CLAAC in 1977. The CLAAC coordinates the activities of the two agencies in assisting workers, firms, and communities in adjusting to plant closings and mass layoffs. In particular CLAAC has the following primary functions:

- It compiles and disseminates data to public agencies concerning the employment impacts of trade;
- It develops and oversees policies to improve the Trade Adjustment Assistance Program;
- It tracks the progress of relevant legislation.

The philosophy underlying the activities of CLAAC is that labor-management-government responses to shutdowns are likely to provide the most effective adjustment activities at the local level and that the community response can be improved if affected parties are made aware of how other communities have responded and what resources are available to them. Some of the most notable activities CLAAC has undertaken to date have been the following. CLACC has:

- written and distributed 41,000 copies of a Guide for Communities Facing Major Layoffs or Plant Shutdowns, a brief outline of activities communities should consider undertaking and of resources that are available to assist them,

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[39] Commerce-Labor Adjustment Action Committee (1980).

- visited more than twenty plants which have announced mass layoffs or plant closings. CLAAC makes a visit when a community, state, company, union, or Congressional office requests advice or assistance. CLAAC assesses the severity of the impact, makes sure unions, employers and communities know about resources available to them, finds out what is being done for workers and who is coordinating the readjustment effort, and discusses program funding with them. Most visits have been to steel plants,

- assisted in organizing retraining programs in several locations along with local CETA agencies,

- facilitated the payment of TRA benefits in two cities by involving federal and state authorities,

- established the Steel Adjustment Federal Advisor Demonstration, which we will discuss separately in the next section,

- encouraged the initiation of representative ongoing local groups to coordinate readjustment programs,

- conducted seminars for labor, management and community leaders with respect to Trade Adjustment Assistance and Plant Closings, and -

- authored or sponsored numerous studies and reports on related subjects.

According to CLAAC, labor, employer and community actors have found the site visits helpful, because they provide useful information and help local actors to focus on problems. It appears that the establishment of a "federal presence" in closing situations can have this focusing effect, as we noted in our discussion of the Studebaker shutdown.

Whether dissemination of information by a federal unit such as CLAAC is the most efficient way of performing this useful service is uncertain. Similarly whether a federal unit is best able to coordinate local business, labor and community actors is unclear. Melva Meacham, a labor researcher and recognized authority and advisor on plant shutdown situations, claims that such "outside" task forces have two primary shortcomings. First, unless the workers, community and company are fully committed to a joint readjustment effort, "outside" agents can do very little. Another is that outside units cannot be as familiar with the idiosyncracies of the local environment as local agents might be.

It would appear that CLACC has recognized some of the key needs of local communities facing a shutdown problem and has helped focus attention on the problem. But CLACC has not been able to implant permanently in a local institution the catalyst role it has played.

3.2.6.3 Steel Adjustment Federal Advisor Demonstration.--The SAFAD program is a demonstration project in four areas to provide an on-site federal advisor to aid in bringing available resources to bear on the problem of worker dislocation. In May 1980 a federal advisor was assigned to Joliet, New Haven, Youngstown and Torrance, sites of steel plant shutdowns.[40]

The federal advisors in each location were to have three specific responsibilities:

- to assist ETA funded employment and training resources to locate all available job opportunities for dislocated steelworkers
- to identify and use any other community state and federal resources that might facilitate adjustment
- to encourage the cooperation of government and community leaders in assisting displaced workers

The object of the demonstration was to determine whether the "federal presence" caused resources to be used more effectively than they would have been in its absence.

The conclusions presented in the above referenced assessment of the SAFAD demonstration can be divided into those related to the management of the actual demonstration and the federal advisor concept.

On the management side the evaluator felt that the local projects were not sufficiently planned prior to inception of the program and in particular that it was not made clear to federal advisors what their roles and priorities should be. Second, the appointment of ES staff as advisors was a poor choice, because few had any background in community organizing and suffered from the poor local image of ES staff.

In terms of the concept of a federal advisor, the study was inconclusive. It was felt that marshalling available resources, whether through a catalyst or without one, was of limited use to communities, because available resources

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[40] U.S. Department of Labor, ETA, Office of Program Evaluation (1980).

are totally inadequate for meeting the needs of seriously afflicted sites. It was felt that federal advisors did not for the most part succeed in coordinating the effort of local actors, because they had no experience in organizing and preferred to concentrate on the easiest tasks.

The final and very significant conclusion of the study was that SAFAD did not test the concept of a federal catalyst. This is because one can draw no conclusion with respect to the likely effectiveness of an agent other than the local ES staff member. The majority of the flaws the author saw in SAFAD resulted from the inappropriate skills and poor image of several of the ES officers.

Useful conclusions we can draw from SAFAD in the design of future adjustment programs include the following. It takes an organizer with the confidence of local actors to coordinate their activities. Moreover, one should have realistic expectations with respect to the potential of programs which seek to coordinate actors to exploit available resources. Coordination may allow for more efficient use of resources. However if resources are inadequate, little success should be anticipated.

3.2.6.4 The Armour Labor-Management Committee.[41]--Between 1951 and 1965 the Armour Meatpacking Company closed 21 plants and terminated 14,000 workers. For the most part these workers were between 45 and 48 years of age, had less than 8 years of education, and had no skills that could be utilized in other jobs without retraining. Most of the shutdowns occurred in communities with slack labor markets and fairly undiversified economic bases. The problem was exacerbated by the fact that Armour workers were given very short notice of layoffs.

In the 1959 collective bargaining contract, the company and union established a committee of labor and management to study the problems of dislocated workers, promote new job opportunities, provide retraining, give relocation allowances, and consider other programs that might assist displaced workers.

The activities of the Armour worker assistance program operated by the committee and a small member of respected academics have been studied extensively. The most interesting thing about the Armour case was the extent to which the committee learned from its experiences.

The committee's activities began with programs emphasizing placement and retraining. In its first case, the shutdown of an Oklahoma City plant, the programs were failures. This was because placements were usually in low paid high turnover jobs and because retraining programs started well after the

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[41]Frank (1977).

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shutdown, so that few workers could afford to participate. Only 25 percent of retrainees who later found employment did so in occupations related to their retraining.

This experience resulted in a new policy embodied in the 1961 collective bargaining agreement, which not only included advance notice of shutdown or layoff, but also transfer rights within Armour. A shutdown in Fort Worth, Texas provided the first occasion to test the new policies. As it happened, few workers chose to use the transfer provisions, because they did not want to relocate. Placement attempts were unsuccessful because the Employment Service offices refused to give displaced workers priority over their other clients. Retraining was somewhat mor successful than it had been in other locations, however workers were reluctant to participate because they could not receive unemployment insurance during that time.

In the case of the Kansas City shutdown the relocation policy allowed for workers to move back to their old locations with impunity if they were dissatisfied. Relocation was used by over 200 workers, more because the plants with vacancies were nearby than because of the "flow-back" provisions.

Finally, in the case of the shutdown in Sioux City, the committee developed a successful placement and retraining strategy. Workers were given counseling and aptitude tests before they spent a day unemployed. Data with respect to their skills were collected by the committee, and by the time of the layoffs, the skills of the workers had been widely publicized in the local labor market. The ES gave special attention to displaced workers and within 3 months almost 50% of the displaced workers had new jobs.

Conclusions from the Armour case echo and augment conclusions we have drawn earlier in the chapter:

- A committed, flexible labor-management team approach that allows for learning from past successes and failures is a promising form of organization for an adjustment program.
- If displaced workers are given priority access to resources, they will benefit relative to other unemployed individuals. (Whether they can or should be given such preference is a normative issue that we do not discuss here.)
- Relocation may be unpopular unless the distances involved are short.
- The presence of a respected third party was judged by some observers to have been very important to the success of the operation.

3.2.6.5 The Brown and Williamson Tobacco Corporation 1979 Closure--The Brown and Williamson instance is of interest because it illustrates that profit-seeking corporations can work with worker representatives to minimize the effects of closure and layoffs.[42] In this case Brown and Williamson (B and W) determined for economic reasons to greatly reduce production in one plant and to cease operation at another. As part of its collective bargaining agreements with its workers' unions, B and W was required to give considerable notice of closure and layoff. It did so and over three months negotiated a package of severance pay and relocation allowances. B and W assisted workers who wished to move to a new company plant. B and W felt that such a solution was desirable because it permitted a gradual reduction in output at the plants, thus permitting the company to plan nationally to move production to other plants while avoiding sabotage and general low productivity. The benefits to workers of a gradual close-down and the certainty that the company and union will "take care" are obvious.

The B and W situation would certaintly be difficult to replicate, even if the parties are willing. Unfortunately most close-downs do not involve the movement of production, but rather its cessation. But the fact that management and labor can achieve their diverse goals, while dealing forthrightly and humanely with workers, offers an interesting example of the benefits of labor-management cooperation. Finally, a part of the management-union agreement was the revision of a state UI rule (which had precluded a recipient of employer-paid severance pay from receiving UI). This flexibility on the part of the government was perhaps not an essential element. But it illustrates the constructive, if limited role the public sector can play.

3.2.7 Other Labor, Management, and Community Efforts

Numerous other community efforts actively provide information, counseling, financial assistance or referral to displaced workers. Some are listed here as examples. The existence of these efforts demonstrates that local and grass roots organizations find the problem sufficiently important that they are willing to allocate their own resources to solve problems as they perceive them.

- The AFL-CIO Department of Community Services conducts presentations to inform union members of available resources, trains, counselors to counsel dislocated

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[42] See Teague (1980); another interesting example of labor-management cooperation is contained in the discussion of the Dana Corporation Edgerton experience, see U.S. Department of Labor-White House Conference on Plant Closings (1981).

workers, provides referrals, and participates in group therapy sessions for unemployed workers.

- The Ohio Public Interest Campaign, Oregon Fair Share, and Massachusetts Fair Share, community activist organizations, are attempting to raise the level of awareness of the dislocation problem in their communities.

- The Buffalo Labor-Management Committee established a transition center for displaced Bethlehem Steel workers, centralizing available services under one roof, including counseling, placement, and referral to training.

- "Startup in the Black" is a customized training program in South Carolina wherein the State Board of Education visits employers interested in expanding their workforces. Together they set up training programs, in order to connect unemployed labor with potential job vacancies. Several other Southern states have similar programs to promote economic development and job creation.

- Recently the State of California formed a Task Force on plant closures.[43] Composed of representatives of the economic development, commerce, and labor departments, the Task Force recommended the formation of a "California Economic Adjustment Team." The Team would assist distressed communities to aid workers, promote jobs, and gain information from employers needed for TAA applications. The report also recommends more economic analysis by the state and study of needed legislative changes. Based on a review of the Task Force report and conversations with an analyst who visited the program, the suggested responses appear to include aspects of the Defense Department Office of Economic Adjustment and Canadian approaches (the latter is discussed in Chapter 4).

- The United Food and Commercial Worker International Union is in the process of developing, with DOL financial support, a program through which a union field representative trained in the problems and

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[43] See State of California (1980).

resources related to shutdown situations, would serve to organize local community resource.

- The Illinois State AFL-CIO funds a research project on worker dislocation problems. Under its aegis, Ms. Melva Meecham has published a useful compendium of resources and been personally very active in assisting workers and communities.

These efforts are too new to support firm conclusions. Nonetheless, they indicate the role that local institutions can play in responding to local problems.

3.3 INCOME SUPPORT FOR DISPLACED WORKERS

As we discussed in Chapter 2, losing one's job, particularly for a long-time worker, can be traumatic. Lost wages contribute to the trauma at least two ways: first, the income loss itself is painful for obvious reasons--current expenses must be covered and long term financial commitments met (house, car, etc.); at the same time, however, the worker may feel insecure simply because he or she cannot shoulder burdens previously carried with relative ease. In this section we discuss the role of income support for displaced workers--what it is, who provides it, and what its effects are thought to be.

3.3.1 Income Replacement Programs

The programs most commonly turned to by displaced workers are Trade Adjustment Assistance, Unemployment Insurance, Supplementary Unemployment Benefits, Food Stamps, and welfare (including Medicaid). Here we briefly profile each of these programs.

- Trade Adjustment Assistance (TAA). TAA is an income replacement program meant to assist workers as they find new jobs after losing their old ones as a result of import competition. The theory behind the program is that since the entire economy benefits from liberalized trading practices, those workers who lose their jobs as a result of a greater level of imports should not suffer particular losses. Therefore general revenues, raised by the taxes in part resulting from the higher incomes of all Americans flowing from trade, should fund adjustment allowances for displaced

workers. The program was initially passed in 1964 and amended in 1974. Benefits are available to workers employed in plants that have been certified by the Secretary of Labor as having shutdown or engaged in a mass layoff as a result of import competition.

Currently, workers in certified plants receive 52 weeks of cash benefits equal to 70 percent of their previously weekly wage, option maximum of about $270 per week. If the worker registers for training, he or she may receive another 26 weeks of benefits; thus the worker can receive a total of 72 weeks of quite generous assistance. It has been the experience under the program that virtually no training is given to workers who receive its cash benefits. In general this appears to be equally based on the facts that workers do not appear to want training and that the state employment services that administer the programs have not gone to great lengths to provide any.

Under 1981 budget legislation, TAA benefits will not exceed those available through Unemployment Insurance (see below).

- Unemployment Insurance (UI). Unemployment insurance programs are operated by the states and funded by a tax on employers. Typically an experienced but unemployed worker will be eligible for at least 26 weeks of unemployment insurance benefits. In high unemployment states, benefits are often extended for an additional 13 or 26 weeks. UI benefit amounts vary across the states. Typically, however, unemployment insurance benefits replace up to about two thirds of the gross earnings of an unemployed worker. Replacement of after tax income is greater since UI benefits are not taxable. Usually there are ceilings on benefits that range as high as $202 per week in Ohio. Maximum weekly benefits in relevant states are as follows: Michigan--$136; Pennsylvania--$170; Missouri--$105. A worker receiving trade adjustment assistance may not simultaneously receive unemployment insurance.

- Supplementary Unemployment Benefits (SUB). SUB payments are made pursuant to labor-management agreements. They are typical in the auto industry, in which the cyclical nature of unemployment caused union and management representatives to agree to set up a fund that would ease the burdens of workers experiencing the layoffs that had become typical in the

industry. As a result of a combination of unemployment insurance and SUB payments, auto workers became accustomed to a situation in which their unemployment benefits resulted in virtually no loss of after tax take home pay. SUB benefits are set so that the sum of TAA or UI plus SUB equals 95 percent of prior take home pay less $12. Recently, SUB benefits have been reduced, in some cases, sharply, because the trust funds became depleted in the 1974-5 recession. However, auto workers with more than 10 years seniority are assured SUB-level benefits. To see the implication of this payment level, consider the following example: an auto worker working a typical schedule earns, say, $20,000 before taxes. He nets about $18,000 a year. Now the worker becomes unemployed. Trade adjustment benefits or unemployment insurance plus SUB payments equal about $16,500. However, these are not subject to taxation and the worker has no work related expenses; hence he is about as well off as he was before (which is, of course, the goal of the SUB system). This example makes it easy to see why it has been difficult for some autoworkers to perceive the seriousness of their situation when plants close down. They had worked their whole career in a situation where layoffs were customary and during which they suffered relatively little.

- Food Stamps. Food stamps is an income tested income maintenance program providing coupons to low income families which may be exchanged for food. While most Americans consider food stamps a form of welfare, the coupons are commonly used by strikers. Hence there is less stigma attached to the use of food stamps than to cash welfare (to be discussed below). Until the current Food Stamp amendments go into effect, a four person family with income below about $10,000 could receive benefits; hence it would be possible for a family of a laid off worker, even one in which a spouse was working part time, to receive aid through food stamps. It is difficult to determine to what extent this phenomena has existed, but officials in Michigan suggest that there is now widespread use of food stamps by laid off auto workers.

  For a family of four with no other income, the food stamp benefit is worth about $230 per month.

- Welfare. Typically welfare means either Aid to Families with Dependent Children or state or local General Assistance programs. AFDC is a state program funded jointly by the federal government and the states. In most of the states in the industrial belt of the northeast to the midwest, programs exist that permit some two-parent families to receive benefits (in this program that typically serves single parent families). AFDC benefits in Michigan for a family of four with no other income may run as high as $500 a month; together with food stamps the total benefits available to such a family could be as high as $600 a month.[44] Participation in AFDC also enables a family to gain Medicaid benefits that would pay for a broad range of health care costs. This could be an extremely important benefit to a family which has lost its health insurance coverage. Moreover, some states such as Michigan, Pennsylvania and New York have relatively generous state and locally funded programs of general assistance that provide aid to two parent families.

3.3.2 Effects of Income Replacement

The effect of income maintenance on work effort, family stability, and many other aspects of family life has been much studied with respect to America's poor population. These phenomena have been much less studied with respect to higher income people. Beginning in about 1970 the effects of unemployment insurance on work effort and on the duration of unemployment became a topic of considerable interest to economists leading to several studies of this phenomena in both the United States and Canada. In addition a few studies of the affect of the very generous Trade Adjustment Assistance benefits on the duration of unemployment and on work effort were commissioned.

The desirable affects of income replacement programs are clear--families in need of income to tide them over a difficult period are provided with assistance that permits them to continue to get along without major disruptions in their lives. Nonetheless, it may be noted that the very existence of such assistance may make it possible for a worker to defer going back to work as soon as he or she might otherwise have. According to a number

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[44] AFDC benefits vary across the states. Ohio has the lowest benefit in the industralized states that provide coverage in two parent families. The combined AFDC plus Food Stamp benefit for a family of four with no other income in Ohio in $488 per month.

of statistical studies of data based on worker behavior, this is apparently precisely what has been happening. A summary of research on the effect of liberalization in Canada's unemployment insurance law on the unemployment rate in Canada has concluded that the changes probably increased the rate of unemployment from 5.6 percent to 6.3 percent in 1972. The studies seem to indicate that the total effect of the unemployment insurance program on unemployment may be as high as 1.4 percentage points.[45]

In the United States studies of the effect of unemployment insurance benefits and of Trade Adjustment Assistance have tended toward the same result--receipt of these benefits increases the length of time the recipient is unemployed.[46] It must be stressed that such a result is not necessarily undesirable. If income maintenance benefits permit an individual to search longer, he or she may find a job paying more or one that is preferable for other reasons. If so, the worker may be more productive and remain in the job longer, thus reducing his or her longer run job search costs. An early study of Trade Adjustment Assistance indicated that TAA recipients did search longer for jobs and find higher paying ones,[47] but more recent observation suggests that TAA recipients tend to remain unemployed for very long periods. It was to us a striking fact that nearly every person we interviewed in both the United States and Canada (in conjunction with this and a companion study for the National Commission on Employment Policy) gratuitously pointed out to us that any worker faced with the array of benefits summarized above, who went back to work at the sort of job that would be available would surely not be acting to his or her economic advantage. That is, a worker who previously was earning $15,000-$20,000 a year before taxes and faced the prospect of earning $10,000-$12,000 a year before taxes on a new job and had the opportunity of receiving somewhere between $10,000-$15,000 a year from a combination of benefits such as those reviewed above, would clearly gain very little from working.

What is the appropriate public policy response to this quandary? Surely a just and humane society would want to provide displaced workers with some income assistance to tide them over a period of adjustment. On the other hand, if the duration of these benefits is relatively long, their very availability may impede the steps necessary to worker adjustment. Thus a difficult policy trade-off exists. It does seem clear that two changes would certainly be moves in the right direction. First, the duration of benefits is probably too long. A shorter expectation of benefit receipts might provide some incentive for workers to begin the necessary training and job search

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[45] See Gunderson (1981).

[46] See Ehrenberg and Oaxaca (1976), Feldstein (1976), Neumann (1976).

[47] Neumann and Glyde (1978).

earlier in their period of unemployment. Second, required job search and training during the period in which income assistance is assured would probably enhance the chances of workers finding some sort of job before their benefits ran out.

3.4 WESTERN EUROPEAN AND JAPANESE PROGRAMS[a8]

European countries and Japan have labor market policies which are often very different in emphasis from those in the United States. There are two important sources of those differences. One is that the political and social climates are different in the Western European Countries and in Japan than they are in the U.S., and the other is that the structure of their and our economies are different. Thus the potential applicability to the United States of European programs and Japanese labor market policies is uncertain. We will begin by discussing European programs and then turn to Japan.

Programmatic concepts embodied in the policies of Western European countries include the following:

- Sweden pays firms to retain workers they would otherwise lay off, grants subsidies to promote production when demand is low, sponsors relocation programs, and gives employees of closing plants access to a national job bank.

- The United Kingdom pays firms to retain workers, gives investment subsidies and low interest loans to businesses, regulates plant location and forces plants to locate in high unemployment areas, and sponsors retraining and direct job creation.

- France uses payroll taxes to fund in-plant training programs and gives subsidies to firms to restructure production to create new jobs.

- West Germany pays firms to retain workers and subsidizes public service jobs.

- All Western European countries require advanced notice to workers of layoff.

[a8] C&R Associates (1979), Flanagan (1978), Ginzberg, ed. (1978), Kramer Associates (1977), Joint Report of the Labor Union Study Tour (1979).

Few of these policies are unheard of in the United States and many either exist in the U.S. or have been considered by policymakers. Others of these policies would be unacceptable in our current political and economic environments, regardless of their success abroad. (Their success is for the most part uncertain.)

In this section we will comment on each of the concepts we have just enumerated in terms of their desirability in relation to the dislocated worker problem in the United States.

- Payments to firms to retain workers they would otherwise layoff would be considered by most economists and policymakers in the United States to be inefficient. Firms ordinarily determine how many workers to use in accordance with the demand for their output. Paying firms to retain workers regardless of demand or productivity is believed to make for a sluggish economic system which is underproductive and unable to compete with foreign manufacturers. Many other countries make full employment more important than the health of the economy in terms of the volume of goods and services produced. The United States puts its greatest priority on the latter. Thus payments for retaining workers are unlikely to be politically feasible in the United States. It should also be noted that wage subsidy programs that have been tried in the United States have not been judged very successful in terms of jobs retained or created.[49]

- Government subsidies to firms to promote production even in the absence of demand have been used in the United States, for example in relation to agricultural products. Nevertheless, given the current economic program of minimizing interference in private markets, it is unlikely that any new programs which promote the production of goods no one wants to buy would be acceptable.

- The job bank concept is a good one which has been exploited successfully by the Department of Defense in base closing situations. The U.S. has a national job bank for skilled white collar occupations. Various attempts to set one up for blue collar workers have

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[49] With the possible exception of the 1978 New Jobs Tax Credit; see Haveman and Palmer (1981, forthcoming).

never met with success. The reasons for this lack of success remain unclear, but certainly include technical difficulties, the problems of coordinating the activities of 50 states, and the fact that businesses do not list "good jobs" with the state ES.

- Investment subsidies and low interest loans to businesses are already used in the United States. Their theoretical or practical justification in terms of the success with which they create new jobs are ambiguous.

- Public works and public service jobs have been used in the United States. Their popularity is clearly on the decline here.

- Regulation of where plants can locate or forcing them to remain open represents more government intervention in private business matters than is likely to be tolerated in most parts of the United States. (In fact it may be unconstitutional.)

- Retraining and direct job creation are used in the United States and have already been discussed in this chapter.

- Advanced notice of layoff would unquestionably help workers adjust; however such legislation has never been enacted in the United States (other than in Maine) and is even less likely to pass in the near future because it imposes costs on business.

Japan does not appear to have much of an unemployment problem. Thus it has no programs related to economic dislocation. Workers in Japanese enterprises often have a lifetime guarantee of employment. Workers outside the organized sector of the economy and those who are self employed have no such protection. Firms bear the costs of retraining workers; however, extensive subsidies are available to firms to reorganize or redirect activities into productive new areas. While the popular impression is that such guaranteed employment increases Japan's productivity, the effect it actually has is uncertain. In any case, regardless of the effectiveness of guaranteed employment in Japan, it is uncertain whether that policy would be effective in increasing the productivity of American workers, and it is certain to be politically unacceptable in the United States. Finally, much recent observation of the Japanese success indicates that, because of vast

societal differences, very little in the Japanese system is directly applicable here.[59]

3.5 CONCLUDING NOTE

We will not attempt to summarize this lengthy chapter here. We turn in Chapter 4 to our case study of the Canadian Manpower Consultative Service and how it deals with plant shutdown problems. Chapter 5 will attempt to draw together all of the programmatic lessons learned here and abroad.

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[59] See, for example, Shapiro (1981).

CHAPTER 4

CASE STUDY OF CANADIAN MANPOWER CONSULTATIVE SERVICE

4.1 INTRODUCTION

The Canadian Manpower Consultative Service is a unit of the Federal Canada Employment and Immigration Commission.[1] Its primary function is to assist managers and labor in firms experiencing significant growth or decline to form a committee to solve their problems.

The service is inexpensive, voluntary, loosely structured and relies on the resourcefulness of unions and management to deal with economic transitions. Typical activities might include finding jobs for laid off workers or the development of a plan to draw systematically on community resources to turn around an ailing firm. The service has an excellent record for accomplishing worker placements at an average total cost of $93.10 per employee where no mobility incentives were offered and $116.77 per employee in cases where mobility incentives were used (less than 7% of all cases).[2]

The MCS came to our attention as a result of newspaper articles and literature surveys of domestic and international approaches to the problem of mass layoffs. Our analysis of domestic experience with employment programs suggested that a flexible program involving maximum participation from the private sector (labor and management) in job finding and employee placement

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[1] This Commission appears to have many of the same functions of the U.S. Department of Labor, particularly its Employment and Training Administration.

[2] The source of these estimates is an internal MCS study conducted from 1975 to 1977. We have adjusted the cost data to reflect the U.S.-Canadian exchange rate in 1977 (1.0635 to 1) and for inflation in Canada between then and 1980 (about 45 percent). The cost data in the report was derived as follows:

1) Total dollar commitment was divided by number of employees affected
2) Data for the computation was:

	Mobility Incentive	Committee
No. Employees	2,943	10,763
$ Commitment	$253,720	$739,836
$/Employee	$86.21	$68.74

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would probably be an efficient and politically feasible method of dealing with mass layoffs, given a basically healthy economy (one in which there are some growing industries and thus job opportunities). Moreover, such a public-private partnership could tap valuable resources within each sector.

To summarize the reasoning behind that conclusion, employers have access to better information about job openings than any other source because of their contacts and automatic rapport with at least some other employers. Unions and employee representatives have good information about employees' skills and problems and have the employees' trust. Managers also have excellent information about the skills of employees; they are an obvious intermediary between the employee and the market. The government's primary contribution is to serve as a catalyst by assisting in the organization of the process of assisting workers and then informing the parties of the resources on which they can draw, for example funds and professional services for counseling and income assistance.

Because the MCS appeared to incorporate program elements of the kind just described, we decided to evaluate it and to determine its applicability to the United States.

In assessing the MCS we drew on program documents and studies, telephone interviews, personal interviews during a three day trip to Canada, and the observations of others who have examined the program first-hand. Our visit to Canada included attendance at an ongoing MCS case involving a baking establishment and discussion of the details of several other recent MCS cases in large and small establishments in Ontario.

Unfortunately there is insufficient data available to draw statistically valid conclusions with respect to the success of the program. Normally in program evaluation we would seek to compare, for example, the success MCS has had in placing laid-off workers with the labor market experience of those who received no assistance. Because such comparative data were unavailable, we chose to use a limited amount of statistical information, without a comparison group, together with personal observation and admittedly anecdotal evidence to perform our assessment. We recognize that a rigorous evaluation is yet to be conducted. Nonetheless, we believe these observations are adequate to form a reasonable impression of the relevance of an MCS-like entity to the United States.

4.2 OVERVIEW OF MCS

The MCS began in 1963 to encourage joint action by employers and employees in responding to technological change. In 1974, when plant closures surfaced as a major economic problem in industrial centers in Ontario and Quebec, the MCS broadened its scope to include assisting firms in mitigating--and at times avoiding--the effects of mass layoffs and closures--sometimes by helping to make the firm profitable and sometimes by finding new jobs or training opportunities for employees. MCS officials indicate that 50 percent of the

Service's present activity is related to closures and 50 percent to other problems.

The MCS most often intervenes at its own behest, but also at the request of employers and unions. Placement, training, and mobility programs are typical design features when production capacity and employment is being reduced. Operational surveys and business or management consulting assistance are typical when a plant needs to expand.

The program is federally-administered and operates in every province. Staffing and budget outlays are concentrated in Quebec, Ontario, and British Columbia. Exhibit 4-1 indicates the staff size and budget in each province. In several of the less-industrial provinces the MCS officer works only part-time on MCS activities. The minimal MCS presence in these provinces is attributable to their smaller populations and commercial bases. It also suggests, however, that the MCS has not attempted to deal with situations in which individual cases would be widely scattered; to do so would obviously be relatively costly.

The budget for the MCS in fiscal year 80-81[3] is about $2.5 million (in Canadian dollars). The MCS officers who deal with cases receive salaries of roughly $26,000 per year. Between 1975 and 1977 the average commitment per case (firm) (in 1980 U.S. dollars) was $11,000 or $120 per employee where no mobility incentives were granted. The actual commitment was less than $10,800 in 58 percent of the cases.[4]

The staff members have a variety of backgrounds but are drawn primarily from the private sector. In Toronto, for example, the MCS staff includes a former personnel manager from a retail drug chain, former business owners, an industrial engineer, an accountant formerly with the Labor Department, and a placement expert from a private placement agency. While the formal criterion for staff selection is experience in labor or management, the key, as one MCS official put it, is having "a nose for labor-management relations". The MCS purposely avoids drawing staff from government, because it prefers not to employ individuals accustomed to bureaucratic rigidity.

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[3] The Canadian fiscal year denotes the calender years in which its 12 months fall.

[4] Sampson (1979), p. 2.

Exhibit 4-1

CANADIAN MANPOWER CONSULTATIVE SERVICE

Staffing and Budget by Province, Fiscal Year 1980-81

Province	Program Budget a/ (US$)	Program Staff b/
Newfoundland	68,000	1
Prince Edward Island	25,000	1
Nova Scotia	74,000	1
New Brunswick	38,000	1
Quebec	908,000	24
Ontario	857,000	27
Manitoba	41,000	1
Saskatchewan	41,000	1
Alberta/Northwest Territories	30,000	1
British Columbia/ Yukon Territory	411,000	9
TOTALS	2,495,000	67

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a/ Budget amounts have been converted to U.S. dollars at the exchange rate of $1 Canada = $1.1693 U.S.

b/ In a few of the less active regions, the MCS officer is also responsible for other programs.

Source: Canadian Manpower Consultative Service, Ottawa, Canada

4.3 OPERATION OF MCS[5]

While every MCS case is different, the scenario to be described in this section is fairly typical in the case of shutdowns.

When a plant decides to close or to lay off large numbers of workers, Provincial law dictates that notice must be given to the relevant Ministry. (Appendix B describes the rules governing plant closing notice in Ontario and Quebec). The MCS case officers are encouraged to be entrepreneurial. When they hear of an impending shutdown they usually contact a plant official and union representative on their own initiative, rather than waiting to be asked for help. It is, therefore, difficult to determine the nature and strength of private sector "demand" for MCS services. Based on conversations with knowledgeable Canadians and with MCS officials and staff, however, it is our impression that the MCS is not a widely-known agency.

The MCS does not screen cases, though it does require acceptable labor management relations: it will not operate in a situation characterized by an active labor-management dispute. It is not uncommon, however, for labor and management to be on less-than-favorable terms at the outset of a case. The MCS typically withdraws from cases where labor or management refuse to cooperate. The MCS also refuses to operate when collective bargaining is underway. Otherwise the MCS serves whoever is interested.

The majority of cases (67 percent) are from small population centers of 50,000 or fewer people and from the manufacturing sector (67 percent), with an emphasis on declining industries, such as textiles, autos, and machine parts. In 59 percent of the cases between 1975 and 1977 there were fewer than 100 layoffs. Large foreign owned firms are the least likely to accept MCS intervention.

An agreement is set up to establish a committee (usually called a "Manpower Adjustment Committee") consisting of employer and employee representatives (usually two each), a nonaffiliated chairperson (usually a retired businessperson) and an MCS representative in an advisory capacity. Appendix C illustrates a Manpower Adjustment Committee agreement. Note that it is signed by a high-ranking federal official. The agreement is valid for 12 months, but the bulk of cases are actually concluded within 6 to 12 months. The chairperson may be dismissed or may withdraw with 30 days notice. Either party to the agreement can withdraw at any time given 30 days notice. Therefore, no one need feel any pressure from a lengthy commitment. This feature also reinforces the voluntary nature of the MCS arrangement.

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[5] The MCS guidelines, which seem like a more readable version of U.S. regulations, appear in Chapter 44 of the Employment Manual of Employment and Immigration Canada. This chapter is reproduced in Appendix A.

Even after an agreement has been entered into, the parties can easily dissolve it.

The financial arrangements vary by case. In a typical layoff situation the MCS matches the contribution of the employer, provincial government, and union, contributing 50 percent of the costs of the committee's work. The union typically contributes a nominal sum. The federal share of costs is thought to be an important inducement to employer participation.[6] Expenses would include $150 per day for the chairperson, telephoning, and mailing expenses. In the case of a bankruptcy, the MCS can cover the entire cost. The MCS can also pay 50 percent of the cost of mobility assistance in the small proportion (7 percent) of cases in which the committee initiates a mobility program as part of the agreement.

The first task of the committee is to select a chairperson, usually a businessperson, sometimes a retired MCS officer. Typically the MCS case officer recommends a chairperson, who is accepted by the Committee. It appears that case officers have a retinue of candidates for these. Otherwise the primary function of the committee is to keep participants up to date on the work individual members have been doing between meetings.

The responsibility of the chairperson is typically to monitor tasks assigned to individuals by the committee.

The first key step in the process of assisting workers is the dissemination, by management and/or labor, in the name of the committee, of a questionnaire asking employees whether they want assistance and soliciting information with respect to their job histories, skills, and hobbies. Typically 70 percent respond that they would like assistance. The rest are believed to confront the labor market themselves or to draw unemployment benefits; however, no data is collected that in any way tracks those individuals. (A standard questionnaire is illustrated in Appendix D.) The questionnaires are followed by personal interviews conducted by any or all of the committee members to determine the need for counseling, training, referral, or relocation. Those requiring counseling or training are referred to the Canadian equivalent of the United States' State Employment Services, called the Employment Centre, which gives job search workshops, contracts for training with the vocational education system, and appears quite similar in other respects to its U.S. counterpart. The primary federal role is to inform

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[6] It is interesting to note that this view (and it is only that) contrasts with experience in the U.S., where employers seem to avoid entering into arrangements with the governments, even when subsidies are available. It may be that the flexibility and relative lack of paperwork, together with the large subsidy (50 percent), are adequate to tip the scale in favor of employer participation in Canada.

committees of the public resources available to them and to facilitate labor-management communication.

The primary form of assistance given to workers--used in 64 percent of the cases--is placement assistance. The placement strategy is based on what the MCS calls the "hidden labor market"--jobs that are filled by word-of-mouth recruiting. In particular, the employer and sometimes the chairperson send letters and make phone calls to other employers they know and "sell" the laid-off employees (this can happen before actual layoffs take place). Exhibit 4-2 illustrates a typical letter sent to prospective employers.

Union representatives encourage individuals to go to interviews, sending the best workers first to employers who might later hire more people if those hired first work out. The employer of the laid-off workers seeks potential positions without regard to salaries, leaving it to workers to determine their own acceptable wages. Efforts by former employers may have a salutary effect and increase the chance of being hired: business managers are probably more likely to believe "one of their own." As a result, placements by the committee may simply substitute for other placements by the Employment Centre or by private job seekers, rather than opening new job slots. The effect of this feature of the MCS program may be to give those assisted an advantage over other job-seekers in the search for employment. It was the impression of people with whom we spoke that committee efforts pushed assisted workers ahead in the job queue.

The committee meets periodically to discuss the success of placements, employee by employee. Normally each employee is very well known to all parties. At the Manpower Adjustment Committee session we attended, the plant manager was clearly well acquainted with all employees mentioned and had made numerous phone calls to gain job interviews.

Occasionally an outside consultant is used to advise the committee, though primarily when the MCS is involved in attempting to reverse a bankruptcy or to expand a business, rather than when a plant shutdown is involved. In one case, the committee dealing with an ailing plant sent a consultant to England to negotiate the Canadian production rights to a manufacturing process. The process was then applied in the plant, apparently saving the jobs of its workers and the capital of its owners. While perhaps not typical of specific committee actions, the notion of sending a consultant on an expensive foreign trip is indicative of the flexibility and the scope for creativity that exists within the MCS structure.

After the agreement terminates, the MCS withdraws, occasionally leaving some individuals still unemployed and left to fend for themselves. Roughly 65 percent of those who request help are placed. Since 70 percent of workers, on average, request help, about 46 percent of all affected workers in plants that set up committees with MCS assistance are actually placed (.46=.7x.65).

Exhibit 4-2

SAMPLE LETTER FROM MANPOWER ADJUSTMENT COMMITTEE
TO PROSPECTIVE EMPLOYER

[Firm Name and Logo]

Dear

[Firm Name] has discontinued the manufacture of leaf springs in its plant at Milton. As a result, regretably, a number of hourly-related plant employees had to be laid off.

Approximately 125 employees have requested assistance in locating new employment. This group includes a variety of experienced manufacturing personnel. A list of the skills available is attached for your consideration.

To assist these employees a Manpower Adjustment Committee has been established under the auspices of the Manpower Consultative Service, Employment and Immigration Canada. This committee provides an outplacement service for which there is no charge either to the employee being placed or to the prospective employer.

We request your help by reviewing your manpower requirements and, where possible, creating an opening for one or more of these employees. We welcome any inquiries and can be reached by telephoning area code 416, 878-2395. Ask for me or for Mr. Harry Sliter.

Any assitance you can render will be greatly appreciated.

Sincerely,

A.L. (Alex) McLoughlin
Chairman, Manpower Adjustment Committee

encl.

Source: Canadian Manpower Consultative Service, Ottawa, Canada.

Exhibit 4-2 (continued)

SKILLS AVAILABLE

CLASSIFICATIONS	NUMBERS
• Crane Operator	2
• Shear Punch Trim Operator	5
• Forge Furnace Operator	26
• Heat Treat Furnace Operator	13
• Set Up Man	5
• Lift Truck Operator	3
• Assemblers	58
• Inspectors, Quality Control	7
• Tool and Die Maker (3rd year apprentice)	1
• Electrician	2
• Millwright	1
• Millwright (3rd year apprentice)	1
• Industrial welder	1
TOTAL	125

February 2, 1981

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4.4 ASSESSMENT

It is difficult to evaluate the MCS. Its placement rate of 65 percent looks good, but is difficult to interpret unless we know how these workers would have fared without assistance. MCS officials believe that the many workers who did not request assistance found jobs by themselves. Perhaps those who were assisted would have been equally successful had they not been involved with MCS. Moreover, the social gain of committee-induced placements is less than the overall placement rate would suggest if it is true that such placements substitute for other unemployed job-seekers. Some labor union officials told us that the program is doing very little and exaggerates its accomplishments, but there was little evidence for this view.

On the other hand, MCS officials believe that the least able workers--those least likely to find work themselves--seek MCS assistance. In a sense, the Manpower Adjustment Committees may be thought of as providing limited, firm-specific placement and referral services. In this role, they appear to be quite efficient, since they need spend little time in the essential information gathering and collation phases of a typical "manpower assessment". If, in fact, the committee speeds up the placement process, it is performing a valuable social function. The more rapidly both job vacancies and unemployment are reduced, the more efficient is the labor market. Ultimately, such efficiencies will reduce inflation and allow overall economic expansion to proceed further than it could with a less efficient labor market without increasing inflation.

Another factor worth noting is that the MCS can deal with all segments of the population. It is not restricted to the disadvantaged, as is CETA in the U.S.

In the absence of a rigorous basis for evaluating the program, we will describe its strengths and weaknesses in order to determine its promise for the United States.

The strengths of the MCS in Ontario appear to be the following:

- It is flexible: committees can adopt whatever methods they think are most useful in a given situation.
- It is non-bureaucratic, so that very little time is spent on paperwork and individual staff members are free to use their own judgment with minimal oversight.
- It is a "people program". Employers and unions are committed to laid-off workers <u>as individuals</u> and generally know their abilities and desires well.

- The program comes into being only when employers and unions are truly committed to making it work; self-selection of success-seeking people maximizes the probability of success.

- Employers and unions working together reinforce each other's commitment and help to keep each other honest and busy.

- The program has a record or gives an impression of inexpensive successes that facilitate future intervention and continuing success.

The strengths of the MCS in Canada may reveal its potential weaknesses in the U.S:

- The program seems to work best in labor markets where unemployment is not severe and jobs are not scarce. It has not been successful in Windsor, Ontario (the sister city to Detroit) or other cities in which jobs are not available.

- It is used by smaller employers and associated unions that are committed and willing to devote substantial staff time to MCS activities. In the absence of such commitment the program would fail. Therefore the program cannot be viewed as one that could necessarily assist displaced workers in all situations.

- The Canadian government and taxpayers are beginning to demand better documentation of how monies are spent; thus the program may become more internally bureaucratic.

The Canadian government recognizes the inadequacy of the MCS in high unemployment situations and thus is initiating a new program to deal with whole industry problems in particular labor markets, such as the auto industry displacement in Windsor, Ontario. Called SILAP--for Special Industry Labor Adjustment Program--it features income support payments for long tenure employees, generous mobility allowances, early retirement provisions, and wage subsidies. The program is too new for anyone to judge its success. Its very existence, however, speaks to the likely efficiency of an MCS-like program in the most distressed American labor markets. Interestingly, SILAP shares many features with the CLACC and SAFAD experiences in the U.S., discussed earlier.

Last we give the impression that the MCS cannot deal with larger-scale layoffs and closings, it is worth mentioning the MCS experience with a Ford Motor Company of Canada mass layoff. In this case the plant was located in Oakville, a city of 70,000 persons situated in the midst of the

Toronto-Hamilton, Ontario, industrial belt. Two layoffs within a six month period affected some 1,800 hourly and 200 salaried employees.

At the behest of the president of Ford of Canada, a task force was established to explore ways to assist in the placement of employees. Before the second layof took place, a Manpower Adjustment Committee was formed. According to a case study of the incident, the procedures were very much the same as the typical Manpower Adjustment Committee operation described above. The cost of the eight-month effort was $60,000, plus the space and materials contributed by Ford of Canada. The results were impressive. Of 1,827 blue collar employees, 1,334 were placed (73 percent). For salaried employees, the comparable figures are 151 placements of the 215 employees who sought placement assistance (70 percent).[7]

4.5 LESSONS FOR THE U.S.

Exhibit 4-3 compares the U.S. and Canada along several dimensions relevant to judging their labor-market related similarity. The exhibit indicates that the United States and Canada are fairly similar in terms of their industrial structure, though that the Canadian economy is oriented more towards natural resources and one-tenth the size. Unemployment rates are comparable, unemployment benefits are comparable (except that TAA does not exist in Canada)[8], and the problem industries are the same (with the exception of Canadian steel, which is maintaining its domestic market share and expanding employment slightly).

The same job search methods are popular in both countries, but a higher proportion of laid off workers in the U.S. look for work rather than withdraw from the labor force.

Canada is different from the United States in that government intervention in private markets is more common and accepted. Protectionism in some industries and provincial ownership of steel companies are obvious examples. Foreign control of the economy is more extensive--60 percent of firms are foreign owned. Canada is very dependent economically on the U.S., its major customer, and feels that in some ways it has little control over its own economy.

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[7] In an ironic footnote, as the Manpower Adjustment Committee ceased operations, Ford of Canada decided to reinstitute a second shift at the plant and began hiring 1,300 to 1,500 workers.

[8] In this regard, it is interesting to note that nearly all of the Canadians with whom we spoke volunteered the view that income replacement deters worker adjustment.

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Exhibit 4-3

U.S.-CANADA COMPARISON FOR SELECTED ITEMS

Item	United States Year	United States Value	Canada Year	Canada Value
General				
Population (millions)	1980	222.0	1980	23.0
Square miles (millions)	1981	3.6	1981	3.9
Median Family Income	1978	$20,428	1978	$17,500
Per Capita Income	1979	$10,745	1979	$8,954
Growth of Real Output	1977	4.4	1977	2.8
Labor				
Labor Force (millions)	1980	104.8	1980	11.5
Labor Force/Population	1980	47.0	1980	50.1
Employment (millions)	1980	97.5	1980	10.7
Unemployment (millions)	1980	7.4	1980	0.9
Unemployment Rate	1980	7.1	1980	7.5
Average Duration of Unemployment (weeks)	1980	11.9	1980	14.8
% of Employees in Manufacturing	1980	21.8	1980	19.8
% of Employees Unionized	1979	23.6	1977	31.0
UI Recipients (thousands)	1980	3,095	1979	2,322
UI Average Weekly Benefits	1980	$96.41	1979	$92.76

Canadian Dollar amounts were adjusted using Canada-U.S. exchange rates.

Job Search Data (millions of persons)	U.S. - 1980 Persons	U.S. - 1980 % of Unemployed	Canada - 1980 Persons	Canada - 1980 % of Unemployed
Persons Unemployed	7.45	100	.87	100
Persons Looking	5.85	79	.79	91
Persons Not Looking	1.60	21	.08	9
Contacted Employers Directly	4.28	57	.56	65
Used Employment Service	1.62	22	.40	46
Used Ads	1.81	24	.31	35
Used Other	1.50	20	.21	24

Sources:
1) Employment and Earnings, Bureau of Labor Statistics, Jan. 1981
2) Historical Labor Force Statistics, Statistics Canada, Ministry of Supply and Services, Canada, 1980
3) Employment, Earnings and Hours, Statistics Canada, Ministry of Supply and Services, Canada, 1981
4) Economic Report of the President, Selected Years
5) Statistical Abstract of the United States, Selected Years

A highly relevant and potentially significant difference between the U.S. and Canada is that the Canadian provinces have legislation that requires plants employing more than 50 workers contemplating shutdown or mass layoffs to notify the government in advance. The government then advises the MCS, which contacts the parties involved. The extent to which the entrepreneurial MCS officers could operate without these leads is unclear.

The relationship between the federal government in Canada and the provinces is similar to the federal-state relationship in the U.S., except that the federal-provincial conflicts in Canada are more serious than federal-state problems in the U.S. The MCS is now entirely federal. However the provincial government in Quebec has an identical agency and other provincial governments are beginning to seek a share in MCS activities.

The result of these similarities and differences is that unemployment problems and worker attitudes are similar, but the labor-management relationships are better in Canada and both parties in Canada are more accustomed to and tolerant of federal government intervention in their activities.

The Canadian experience with MCS is definitely relevant to the United States. The comparisons above have, we believe, the following implications for an MCS-like agency in the U.S.

- Apparently MCS has had the least success in high unemployment areas; we might expect the same here.

- Canada has recognized that MCS works only where involvement is voluntary and there is a high level of commitment from management and union. The same would be true in the United States.

- Canada has noticed more interest among small firms and small towns. It is uncertain but likely that the lack of interest by large firms would carry over to the U.S.

- The MCS is now being pressured to provide more paperwork to document its activities. Whether the apparent "success" of the CMS will continue if it is made into a more government-like agency is difficult to predict. It is likely that flexibility and non-bureaucratic operations would be shortlived in the U.S. if the program were operated on any scale. Hence it is not clear to what extent the key flexibility element could be transplanted.

To summarize, in our judgment several aspects of the philosophy and operation of the MCS should be of considerable interest to those concerned

with worker dislocation problems in the U.S. The flexible and non-bureaucratic operating technique would seem to be appropriate in situations requiring a rapid response. Initiating operations early in the process of a plant shutdown help to prevent negative worker attitudes from forming. Finally, the notion of having employers play a key role emphasizes the importance of labor-management cooperation.

In Chapter 5 we continue this discussion of how the MCS idea might be applied experimentally in the U.S. In particular, we explore how some of its operating procedures might be grafted onto existing U.S. institutions.

CHAPTER 5

ANALYSIS OF POTENTIAL PROGRAM OPTIONS

5.1 INTRODUCTION

The previous chapters of this report have described and analyzed the labor dislocation problem, the needs of dislocated workers, the resources that might be available to confront the problem, and a range of programs that have been implemented here and abroad. This chapter will first enumerate the most important conclusions and observations of our analysis (Section 5.2) in order to focus attention on the key programmatic options that appear to be available. These options are discussed and evaluated in Section 5.3. In Section 5.4, we sketch the sort of programmatic structure that our analysis suggests would be most desirable.

5.2 HIGHLIGHTS OF THE REPORT

Here we note the key points from the study and their major implications.

- Dislocation of experienced workers has been a serious problem for several years. Projections of employment over the next decade suggest that this problem is likely to persist and could worsen. The situation is not a national crisis. Rather it is a very serious problem for affected localities.

- The dislocation problem is particularly difficult for experienced workers who generally have lost jobs paying more, sometimes considerably more, than typical job openings. Moreover, the personal and psychological problems of adjustment appear to be especially severe.

- Chances for success in assisting dislocated workers are enhanced by an early start, for several reasons. First, once receiving income maintenance, workers seem to resist job search and retraining. Hence, initiating the adjustment process early can lead to progress toward adjustment before resistance sets in. Second, the earlier in the course of a shutdown or layoff the placement process begins, the more deliberately it can be handled. There is time to spend with workers while they still have jobs and have not yet become angered and frustrated through unemployment. Moreover, if workers believe they will be assisted in finding new jobs, the workers who are easiest to place may not feel

as much pressure to find new jobs as soon as notice of an impending shutdown is given. Thus employers may be less fearful that early notification will cause their best employees to disappear while the firm still needs them. As a result, firms may consent more readily to giving early notice of shutdown. Early notice makes it possible for supportive services to be planned and put into place before the real hardship sets in; moreover, it enables union and management--if each is willing--to try to convince workers that the plant will not reopen and that they will have to find new jobs.

- The overall amount of employment and training, income maintenance, social service, and related program resources available will soon be substantially decreased by budgetary cutbacks. It is possible, nonetheless, that resources directed at displaced workers could increase. The Reagan Administration's block grant policy will provide added state and local flexibility in resource allocation. Given an awareness on the part of local community leaders of the extent of the displacement problem and the needs of dislocated workers, it is possible that added resources for this group will become available. It is probably true that displaced workers have more political influence than the disadvantaged workers to whom these resources are currently directed.

- The United States employment and training system, at least insofar as it is embodied in the CETA program, has tended to be inflexible and, in any case, explicitly targeted away from the type of displaced workers who are the subject of this study. We have described the CETA system and found that some could be readily relieved given a willingness to simplify regulations and to provide greater flexibility at the state and local levels. A more difficult issue relates to the statutory targeting of CETA toward the disadvantaged. This is a difficult issue because any change in the allocation of the shrinking pot of money available for CETA implies proportionately larger reductions for the group from whom funds are diverted. Hence, if the United States, or its states and localities, were to decide to program more employment and training resources towards displaced workers, it is clear that fewer resources would be available for the disadvantaged and "hardcore unemployed." The

resolution of this issue is beyond the scope of this paper, but the issue is obviously of major consequence.

- There are aspects of the U.S. employment, training, and education systems and the way they have been used by people both inside and outside of the government that give cause for optimism.

  -- Titles II-C and VII of CETA can provide some programming flexibility if communities choose to use them in a creative manner. However, the elimination of certain features would make CETA more applicable to dislocated workers.

  -- The private sector initiative program of CETA's Title VII can focus on relating employment programs and training to private sector activities and to economic development. Training without a linkage to the private sector has never been as successful as training with such a linkage. Although the Private Industry Councils are a new, evolving institution, they could play a lead role in a more flexible CETA in the future.

  -- Various "home-grown" models have demonstrated both the potential of a committed and talented person or group and the need for some flexibility and rapid funding in developing new programs. For example, the Canadian MCS program and the Midland, Pennsylvania, experience suggest that enormous amounts of funds are not necessary. Talent and commitment on the part of a program operator, together with some flexibility to provide resources to that person, appear to be more important.

  -- The Studebaker and Armour cases demonstrate the success with which labor, management, and community can respond as a team in mitigating the effects of dislocation. The DOD and SAFAD programs demonstrate the importance of using local program agents as catalysts.

  -- The success of the job club concept in WIN, CETA, and in the Midland, Pennsylvania, instance suggest to us the crucial role effective information dissemination and use can play in adjustment, and the effectiveness of adjustment strategies with a strong self-help emphasis.

- The case study of the Canadian Manpower Consultative Service--a small, flexible, and non-bureaucratic organization can move rapidly into plant closing situations--provides several important lessons. Moving rapidly into such situations is a key factor, as we have seen. The non-bureaucratic nature and private-public partnership of the MCS makes it an organization that works well with both business and labor.

5.3 TYPES OF PROGRAMMATIC OPTIONS

There are many possible components of labor market programs and services. The manner in which these relate to one another define the programmatic options. We shall consider the usefulness of different program components by first dividing them into two sets: (1) programmatic features and (2) administrative and management features. Our method will be to enumerate and assess the promising ways to accomplish the relevant tasks, both in terms of activities and actors. In this analysis we will attempt to determine which techniques are most likely to achieve significant positive results within a reasonable budget.

5.3.1 Programmatic Features

The programmatic features that we judge to be essential in programs to assist the displaced worker are:

- Information--about the current job situation in the local community and other labor markets, skills in demand, wage rates for jobs, other relevant services, and successful adjustment strategies undertaken in other locations.

- Services--that provide counseling (both vocational and psychological), training or retraining, job search or relocation assistance. New ways to deliver services, through vouchers, for example, are worthy of consideration.

- Income Maintenance--such as that provided by the unemployment insurance system and other public assistance agencies. Here too, we may wish to consider new ways to deliver this essential, but, as we have seen, sometimes counterproductive, form of assistance.

We shall discuss each of these features in turn, drawing conclusions from our analysis of past and present programs.

5.3.1.1 Information. Information with respect to employment opportunities and the available workforce is a resource often difficult or expensive for workers and firms to collect. Nevertheless it is essential both to employers who need workers and to workers who need jobs. In some occupations--college professors, for example--highly developed markets have been established where buyers and sellers meet en masse to gather information about one another. In other markets the use of employment agencies, want ads, or friends and relatives has emerged as a result of the need for economical methods by which employers and workers can exchange information.

In general, the information exchange process for less skilled occupations is highly imperfect in the sense that information about most vacancies remains difficult to obtain. The process is particularly imperfect when job seekers have very little experience in job hunting and therefore do not know how to tap into and use the information available to them. Dislocated workers, as we discussed in Chapter 2, have often had little recent experience and thus little skill at job seeking.

Providing dislocated job seekers with information about suitable job openings is an economical way of speeding up their reemployment (and thus allowing society as a whole to gain from their productivity). It is desirable, we have learned, for such information to be provided as early as possible after a layoff notice is given so that workers may begin their adjustment processes before anger and frustration make matters more difficult.

Using employers of laid-off workers to provide information to employers interested in hiring has been found to be an effective strategy for hastening reemployment. This is partly because the initial employers' knowledge of the skills of the worker reduces the risk to the second employer of hiring an unknown person or the cost of screening the worker himself. The second employer can be even more firmly convinced of the desirability of the workers under consideration if the best job candidates are referred first. In Canada the latter strategy has been judged very successful. This technique is, of course, less feasible in very large layoffs because employers are less likely to have first hand knowledge of workers' abilities.

In general, the usefulness to firms, workers and communities of information about resources on which they can draw in their adjustment programs and about successful strategies undertaken in other communities is well documented. We will address below the issue of who is best suited to the role of information provider and intermediary between dislocated workers and afflicted communities, on the one hand, and resources on the other. At this point, we simply note that the greatest economy results when a single entity in each location mediates between dislocated workers and the services they need.

5.3.1.2 Services. Tomes have been written about the services needed by unemployed workers and how they can be provided. We have discussed these services at some length in Chapter 3. A job is, of course, the ultimate end to which labor market services are directed. But given the extent of the adjustments that some workers must make in terms of wages, seniority, and union representation, providing only a job may be insufficient.

We have mentioned that timely and accurate information expeditiously provided may reduce the need for counseling with regard to social problems. However counseling with respect to the necessity of job search and realistic wage expectations is frequently a key step, as we saw in the meetings of workers and Manpower Adjustment Committee members in Canada. As we learned there, counseling need not be a laborious process. In Canada, the MCS has discovered that a simple questionnaire describing skills and problems, a willing job seeker, and a helpful former employer, union representative, or co-worker rather than a professional counselor, are often the best mechanism for convincing workers of the uncomfortable realities of their new situations. Such people can provide the support and information which is essential to the worker's adjustment.

The concept of a job seeking club is one example of the manner in which workers can provide mutual support and advice. Of course, the use of a peer group for advice and support minimizes the cost of the adjustment program. Sometimes a worker will not be job-ready, in the sense that that person's current skills are not matched well with those in demand in the area. In such cases, retraining is the best way to take advantage of the worker's capabilities. Retraining has been shown in most cases to be worth its cost.

At a minimum, if such workers are thought to need assistance, they should be provided greater access to the multi-billion dollar training system in the U.S. At the present time, however, it is very difficult for these workers to qualify for training through the CETA program. If CETA is to remain a program virtually exclusively for disadvantaged workers, PICs and other agencies that wish to aid displaced workers before they become disadvantaged (by the income standard) may need to develop much closer connections to the public vocational and technical education system which provides low cost training. Whether workers actually can be expected to take advantage of retraining is uncertain; therefore it would not be advisable to set up a new bureaucracy to provide training for them. Rather, if possible retraining should be arranged so that costs are incurred only if it is used.

Because on-the-job training has been found to be far more effective in terms of placements than institutional training, a program for dislocated workers should emphasize links to private employers and on-the-job opportunities rather than classroom training.

Some workers may prefer to relocate rather than to seek retraining or accept lower paying jobs. Our view of relocation assistance is that some form should be made available, but that it should not be relied upon as a major

solution to the dislocation problem, primarily because such programs have usually been very unpopular among workers, particularly older ones. (In Midland, Pennsylvania, younger workers seemed to move quite readily.) The reasons are understandable. Workers have personal ties to a location; leaving would mean abandoning ones most reliable support system. Also, in the case of a shutdown of a plant in a depressed town, the more widespread the shutdown, the less viable are large relocation programs, a consequence of the economics of local housing markets. There are likely to be few potential home buyers in a depressed town, with the result that dislocated workers will not have the equity to buy a home in a growing town. Potential movers should be assisted, if possible, but relocation should not be viewed as a safety valve for a local program.

To summarize, different workers have different needs and many of the services they could use are presently available, if only the dislocated workers or their communities could tap into them. One idea that would allow for individual workers to use just what they need would be to offer them vouchers which could be used for training, counseling, or a wage subsidy. The voucher might be used after an orientation program, thus dealing with the fact that dislocated workers seldom know what resources are available and which services would be most useful to them. The voucher idea is being tested by DOL and other agencies, but it is too early to tell whether it is a viable concept.

5.3.1.3 Income Assistance. Income assistance, we have seen, can be a two-edged sword. It helps to provide for critical necessities, but may well impede adjustment. Congress is already lowering TAA benefits to UI levels and the duration of benefits may be reduced in UI. A priority is to require that as a quid-pro-quo for the receipt of income replacement funds, some positive adjustment step be undertaken. If the array of information devices and services discussed in this report could be simply and unobtrusively provided, then it might be easier to induce workers to participate in them willingly and early in the adjustment process.

5.3.2 Administrative and Management Features

In the preceding discussion of the services that are needed by displaced workers, we indicated our judgment that, except perhaps for a broader use of job-finding clubs and the concept of a single intermediary between the dislocated worker and all relevant community resources, no really new service ideas are particularly necessary (of course new ideas are always welcome). If this is the case, then the success of programs to foster positive adjustment by the displaced worker will depend critically on how they are combined and on the administrative and managerial features of the unit that helps workers tap into them. By these we mean such matters as: who operates the units, and, in particular, the roles of management, labor, and the public sector; the decision-making and resource development procedures of the unit; and other factors such as where the programs operate, for how long they operate, and the scale of operation.

The key actors in the program to assist displaced workers should represent labor, management, and the public sector. Thus sympathy and knowledge of workers, private sector connections, and ties to public resources would be automatic. The manner in which the three parties interact is critical to program success. The Canadian MCS experience suggests that even in situations where labor-management relations have been bitter, a constructive worker adjustment program has often been possible. Given a shared goal, several aggressive parties can work as hard together as they formerly did in opposition.

As we have said, while constructive labor-management programs in response to dislocation have occasionally been forged without significant government participation, links to the public sector are a definite benefit, for the public sector has at its command resources to provide a needed array of services. Perhaps most important, the public sector can play a catalytic role in bringing the parties together and occasionally mediating between them. In Midland, Pennsylvania it was found that an aggressive and enthusiastic catalyst of some kind--be it an ES worker or a labor or management representative--is necessary to keep momentum going and spirits high. The remaining public role is best determined on a case by case basis. In some cases, a quasi-public agency such as a Private Industry Council can be the catalyst that identifies the problem, organizes the resources, and maintains an organizational role throughout the period during which the readjustment efforts proceed. Such a local entity is likely to be a better choice for this role than a purely federal one would be. For example, the PICs' connection to labor and employers and its involvement in the local economic and institutional environment make it a likely candidate for the catalyst role. In some cases, for example where a PIC is not available, a CETA prime sponsor or a labor-management committee may serve that function. The length and extent of public sector involvement will depend to some extent on the need for publicly supplied services. In a situation in which most displaced workers can be placed without undergoing retraining, the ideal situation is for private parties--management and labor--to perform the placement functions to the maximum extent possible and for the public role to be minimal.

Decision-making and resource-acquisition responsibilities follow from the roles accorded to or asserted by the key actors. Suffice it to say that it would be inconsistent with our concept of local control and flexibility for any dicta on this subject to be offered here. We believe that roles should for the most part be decided by the key actors. As indicated above, a catalyst may be required. The catalyst may come from a public sector entity that seeks opportunities to organize assistance, as in the case of the MCS, Department of Defense, certain activities of U.S. demonstration programs like CLAAC and SAFAD, or the new program concept being developed in the State of California. Or it could come from a private party, such as the Illinois State AFL-CIO program, or a corporation, as in the case of Brown and Williamson Tobacco Corporation. The actors will be determined by the local setting.

Once begun, the effort must be flexible and able to command needed resources by whatever means the facilitating committee finds most effective. For example, meeting rooms and other operational necessities will have to be obtained by the parties. A constructive public role would, for example, be to assist in the expenses attendant to space, postage, phones, etc., and to provide the major resource commitments for necessary training. The CETA program is not at present ideally configured for this role, although this could be readily changed in the 1982 reauthorization, with greater DoL flexibility in granting waivers, or with more regulatory risk-taking on the part of CETA prime sponsors and PICs.

In general, such programs could operate anywhere the necessary actors are willing to commit themselves to an adjustment program. In many cases they will not be interested.

Some areas will clearly be better suited to such a program than will others. In particular, a program of this sort in a city with high unemployment and few vacancies is likely to be less fruitful than one in a town with a more buoyant economy. A plant shutdown in an isolated rural area, one fairly distant from other labor markets and served by a balance-of-state CETA, would provide real challenges. There should be no a priori locational restrictions for the program. Nonetheless, it is clear that the cost of assisting a group of dislocated workers in some areas will be much greater than in others.

The project should probably last as long as it is contributing to successful adjustment. But this should not be thought of as a period likely to exceed a year or so. Typical MCS cases last about eight months. At some point, the major problems will have been diagnosed, placement in jobs and/or training made, and whatever counseling and support available within the program provided. The adjustment program should not be thought of as having a permanent life and may have to be terminated before everyone has successfully adjusted.

Similarly, program scope and size should be set according to need. To some extent, these will be determined by the resources that can be made available. In Canada, it was determined that there are definite limits to how many cases one officer can handle. Unfortunately, since programs of the kind we are describing are largely untested, it is difficult to offer much guidance on scope and size.

5.4 AN EMERGING IDEA

It is clear that the current set of labor market services in this country is not adequately serving the population we have defined as displaced workers. Nor is it likely that this situation will change dramatically in the near future unless some explicit steps in that direction are taken. The summary points made in Section 5.2 and the assessments of available programmatic options offered in section 5.3 suggest to us the outlines of a

policy idea. We offer it here to stimulate discussion. Its essential features are:

- Private-Public Partnership. It should be stressed that private implies both business and labor. It is clear that the private sector is where the jobs are going to be to an increasing degree. Business managers persumably know what skills are needed and where new job openings will exist. Moreover, private desires to deal with the employment and training mechanism must be taken into account when developing programs. The willingness on the part of business to deal constructively with difficult employment adjustment situations has apparently not been significant to date but would hopefully be enhanced by business' direct participation in the project. For its part, union leadership can assist greatly by helping to indicate to dislocated workers that closed plants are unlikely to reopen and that mass permanent layoffs may in fact be permanent.

- Locally-based. Situations and resources vary from community to community. Therefore, the structure within which responses are developed must vary from community to community. There are certainly commonalities across localities, as this very list indicates; nonetheless, each local community must be provided with the ability to put its own stamp on its adjustment program. Moreover, at any moment, most communities do not face a severe worker dislocation problem. Responses must be available only where needed.

- Flexibility. Plants do not always close at a convenient time in public or private bodies' budget planning cycles; nor are mass layoffs timed to coincide with another employer entering the community. Thus, budget and service resources must be available to be quickly mobilized to meet emerging situations. This suggests that contingency funds, perhaps at the state or federal level, be made available so that local resources can quickly be brought to bear on a problem. In addition, local program managers should not be prevented from dealing with difficult situations, as is now very much the case with several aspects of the CETA system.

- Use Existing Resources. In order to assist dislocated workers, it should not be necessary to launch an entirely new program. The resources of the CETA and state and local vocational education and technical training systems, together with the knowledge, expertise, and resources of business and labor, should be adequate to the task of giving workers a chance at available jobs. The problem and the challenge is to diagnose the problem early, then to prescribe appropriate solutions and array resources so that displaced workers can take advantage of realistic opportunities. Local public programs tend to be operated by a relatively small cadre of people within a community. Hence, starting a new program is unlikely to change very much besides the program name. The key change we recommend here is the involvement of business and labor directly with the public sector in a flexible, adaptable program which attempts to deal with workers' problems through its own placement activities and through referrals to available services.

- Non-bureaucratic Structures. This notion is perhaps implicit in some of the above; nonetheless, it is worth stressing. Some of the most interesting of what we have termed "home-grown" responses have involved non-bureaucratic procedures. Such responses should be allowed to thrive rather than being thwarted.

- Start Small. We do not propose a large-scale program; rather, we offer this set of programmatic characteristics as an idea which can be used by existing local organizations--such as the Private Industry Council, for example--in order to locate and mobilize resources.

- Low Cost. Any new program or program component to assist the dislocated worker should be structured so that if it does not achieve much, it will not cost much. This is why we recommend tapping into existing service-provision agencies. The active involvement of private business leaders in such a process could help to ensure that this is the case.

The analysis contained in this report is but a first step to understanding an extremely complex problem. Nonetheless, it does seem to us that several themes have appeared again and again, both in the literature and in discussions with the local employment and training officials. Our hope is not

that a large new program will stem from our recommendations but rather that the sort of idea implicit in the above set of points be tried on a pilot basis in several communities. If it succeeds, all to the good. Let success follow success. If it does not, then few resources will have been wasted and we will know at least that one seemingly-promising idea need no longer detain us as we search for more effective ways to help dislocated workers.

APPENDIX A

CHAPTER 44 OF EMPLOYMENT MANUAL MANPOWER AND IMMIGRATION CANADA "MANPOWER CONSULTATIVE SERVICE"

CHAPTER 44

MANPOWER CONSULTATIVE SERVICE

44.01 INTRODUCTION

The Manpower Consultative Service (MCS), is an integral part of the Commission's system of programs and services for the development and utilization of human resources. It is designed to encourage labour and management to work together to bring about labour force adjustments needed because of economic and technological change within an industry, plant, enterprise or a community. This includes situations of expansion as well as contraction, high labour turnover, labour shortages or job dissatisfaction.

44.02 BASIS IN LAW

The program is administered under the authority of the (Appropriation Acts) Labour Mobility and Assessment Incentives Regulations, P.C. 1972-360, as amended by P.C. 1974-1438 of June 20, 1974 (see Appendix "A").

44.03 OBJECTIVES OF MCS

The Manpower Consultative Service provides encouragement, assistance and guidance to employers and employees in carrying out the following:

1) Joint consultation between labour and management whereby the employees take part, through their chosen representatives, in a Manpower Adjustment Committee which develops plans to meet a work force requirement, to the mutual advantage of both labour and management.

2) Research and assessment of factors causing or influencing a work force requirement.

3) Development of programs and plans to meet a work force requirement.

4) The implementation of adjustment measures developed jointly by management and employees to meet a work force requirement.

CHAPITRE 44

SERVICE CONSULTATIF DE LA MAIN-D'OEUVRE

44.01 INTRODUCTION

Le Service consultatif de la main-d'oeuvre (SCM) fait partie de l'ensemble des programmes de la Commission visant le perfectionnement et l'utilisation des ressources humaines. Il a pour objet d'amener les travailleurs et les employeurs à travailler ensemble afin de surmonter les problèmes d'adaptation de la force ouvrière créés par des changements économiques et technologiques dans une activité économique, dans une usine, une entreprise ou une collectivité. Ceci inclus les cas d'expansion ou de contraction et les problèmes de grand roulement du personnel, de pénurie de travailleurs ou d'insatisfaction causée par l'emploi.

44.02 FONDEMENT JURIDIQUE

Le programme est administré en vertu du Règlement sur l'encouragement à la mobilité et aux études de main-d'oeuvre (lois portant affectation de crédits), C.P. 1972-360, modifié par le C.P. 1974-1438 du 20 juin 1974 (voir l'appendice "A").

44.03 OBJECTIFS DU SCM

Le Service consultatif de la main-d'oeuvre encourage, aide et conseille les employeurs et les travailleurs dans le domaines suivants:

1) Consultation entre employeurs et travailleurs en vue de permettre à ces derniers de participer, par l'entremise de leurs représentants choisis, à un Comité d'adaptation de la force ouvrière chargé d'élaborer des plans visant à satisfaire aux besoins de force ouvrière compte tenu des intérêts des travailleurs et des employeurs.

2) Recherche et évaluation des facteurs qui entraînent ou influencent les besoins de force ouvrière.

3) Élaboration de programmes et de plans en vue de satisfaire aux besoins de force ouvrière.

4) Mise en oeuvre de mesures d'adaptation élaborés conjointement par les employeurs et les travailleurs pour satisfaire aux besoins de force ouvrière.

44.04 ORGANIZATION

The Manpower Consultative Service, as part of the regional establishment, comes under the direction of the Regional Executive Director/Director General. A senior MCS officer in each region is responsible for the delivery of the program. In some regions MCS officers are strategically located in areas of high industrial activity. Functional direction is provided by the Manpower Consultative Service at national headquarters.

44.05 PRINCIPLE OF OPERATION

1) Federal incentives are provided under MCS to encourage labour and management to assume some responsibility for the development of private work force adjustment measures through joint consultation, under a Manpower Assessment Incentive Agreement between the Minister, the employer, employee representatives and, in some cases, a provincial Minister or other federal, provincial, or municipal department or agency. Joint consultation is achieved through a Joint Manpower Adjustment Committee comprising representatives of the employer and the employees and a Chairman selected by the parties to the agreement and agreed to by the Minister.

2) The Manpower Consultative Service develops and establishes the Manpower Adjustment Committees and:

   a) guides their operation and recommends the incentives to be provided;

   b) guides and assists in the implementation of programs of private work force adjustment measures to bring them effectively to bear on the situation;

   c) provides liaison and co-ordination between the committee and any government agency which may be involved;

   d) provides expertise in a variety of work force adjustment problems created by technological or other change.

44.04 ORGANISATION

Le SMC, en tant qu'élément de l'administration régionale, a pour chef hiérarchique le directeur exécutif/directeur général régional. Sous l'autorité de ce dernier, dans chaque région, un agent supérieur du SCM est chargé du programme. Dans quelques régions, les agents du SCM travaillent en des points stratégiques à forte concentration. C'est le SCM, de l'Administration centrale, qui assure la direction fonctionnelle du programme et des services.

44.05 PRINCIPE DE FONCTIONNEMENT

1) Les subventions fédérales sont octroyées, en vertu du SCM, afin d'encourager les employeurs et les travailleurs à assumer une part de responsabilité dans l'élaboration des mesures privées d'adaptation au moyen de la consultation mixte, par l'entremise d'un Accord d'encouragement aux études, de la force ouvrière conclu entre le Ministre, l'employeur, et les représentants des employés et, dans certains cas, un ministre provincial ou un autre ministère ou organisme fédéral, provincial ou municipal. La consultation se fait par l'entremise d'un Comité mixte d'adaptation de la main-d'oeuvre composé de représentants de l'employeur et des travailleurs et d'un président choisi par les parties et accepté par le Ministre.

2) Le SCM met sur pied ces Comités d'adaptation de la main-d'oeuvre et:

   a) dirige leur opération et recommande le montant de la subvention;

   b) donne des conseils et collabore à la mise en oeuvre de mesures privées d'adaptation de la force ouvrière en vue d'en assurer l'efficacité;

   c) se charge aussi de la liaison et de la coordination entre le comité et tout organisme gouvernemental participant;

   d) collabore également au règlement de problèmes variés d'adaptation de la force ouvrière oeuvre créés par des changements technologiques ou autres.

44.06 ASSESSMENT INCENTIVES

Assessment incentives are provided under a Manpower Assessment Incentive Agreement which is negotiated by MCS between the principal parties.

1) The Commission normally reimburses up to 50 per cent of the cost of carrying out the Manpower Assessment Incentive Agreement. However, the federal incentive may go as high as 100 per cent (maximum of ~~$10,000~~ $20,000) where:

   a) the employer is a registered non-profit organization; or

   b) the Minister is satisfied that the employer is unable to contribute and the employees will suffer hardships if the agreement is not implemented.

2) The employer or management representative(s) must be a party to a Manpower Assessment Incentive Agreement. Where there is a recognized union, the union must also be a party to the agreement. The union may share some part of the costs involved with the employer but this is not a requirement.

3) Where there is no union, the employees, under the guidance of MCS, will appoint an agent(s) from their own number to represent them on the Joint Manpower Adjustment Committee.

4) A province may be a party to a Manpower Assessment Incentive Agreement and may also share the costs involved, as may other government departments or agencies.

44.07 MOBILITY INCENTIVES

Mobility incentives are provided under a Manpower Mobility Incentive Agreement which is negotiated by MCS between the Minister and an employer or a province, or both.

44.06 ENCOURAGEMENT AUX ÉTUDES DE MAIN-D'OEUVRE

Les études de main-d'oeuvre sont mises en oeuvre aux termes d'un Accord d'encouragement aux études de main-d'oeuvre, qui est négocié par le SCM avec les parties principales.

1) La Commission rembourse normalement jusqu'à 50 pour cent du coût de mise en oeuvre de l'Accord d'encouragement aux études de main-d'oeuvre. Cependant, la subvention fédérale peut couvrir 100 pour cent des frais (maximum ~~$10,000~~ $20,000) lorsque:

   a) l'employeur est un organisme inscrit, à but non lucratif; ou lorsque

   b) le Ministre est d'avis que l'employeur ne peut contribuer et que les employés feront face à des difficultés graves si l'accord n'est pas mis en oeuvre.

2) L'employeur ou son(ses) représentant(s) doit être l'une des parties à un Accord d'encouragement aux études de main-d'oeuvre. Là où un syndicat reconnu existe, ce dernier doit être cosignataire de l'accord. Le syndicat peut partager, avec l'employeur, certains des frais mais ce n'est pas obligatoire.

3) À défaut de syndicat, conseillés par le SCM, les employés nomment ceux d'entre eux qui les représenteront comme agents au sein du Comité conjoint d'adaptation de la main-d'oeuvre.

4) Une province peut être l'une des parties à un Accord d'encouragement aux études de main-d'oeuvre et en partager les frais; il en est de même pour tout autre ministère ou organisme fédéral.

44.07 ENCOURAGEMENT À LA MOBILITÉ

Les subventions à la mobilité sont octroyées en vertu d'un Accord d'encouragement à la mobilité de la main-d'oeuvre négocié par le SCM et conclu entre le Ministre et un employeur ou une province ou les deux.

(b) payments to members of the committee established under the agreement, other than the chairman, in compensation for loss of salary while serving on the committee,

(c) the costs of office and other necessary services, and

(d) such travelling and other expenses as the agreement may stipulate.

(2) The Minister may contribute an amount not exceeding the lesser of

$20,000
a) ~~$10,000~~, and

b) the total cost of implementing a manpower assessment incentive agreement

where the employer is a non-profit organization duly registered as such under the laws applicable to it or where the Minister is satisfied that

c) the employer is not able to contribute to that cost, and

d) the employees will suffer hardship if the agreement is not implemented.

7. The Minister may, prior to the commencement of the work of a comittee established under a manpower assessment incentive agreement, advance up to fifteen per cent of the total financial contribution payable by him pursuant to the agreement.

8. (1) Subject to subsection (2), a financial contribution payable by the Minister pursuant to a manpower mobility incentive agreement shall not exceed

a) fifty per cent of the total cost of implementing that agreement; or,

b) insofar as it reimburses moneys paid to or on behalf of an individual, the amount of benefit that would otherwise be payable to the individual pursuant to the Manpower Mobility Regulations.

b) les indemnités établies en vertu de l'accord, et versées aux membres du comité, sauf le président, en compensation des pertes de salaire subies pour le temps consacré au comité,

c) le coût des services administratifs et autres services nécessaires, et

d) les frais de voyage et autres frais prévus par l'accord.

(2) Le Ministre peut contribuer un montant ne dépassant pas le moindre des montants suivants, à savoir

$20,000
a) ~~$10,000~~ et

b) le coût total de la mise en oeuvre d'un accord d'encouragement aux études de main-d'oeuvre

lorsque l'employeur est une organisation sans but lucratif dûment enregistrée comme telle selon les lois qui lui sont applicables, ou que le Ministre est convaincu

c) que l'employeur est incapable de contribuer à ce coût, et

d) que les employés subiront des privations si l'accord n'est pas mis en oeuvre.

7. Le Ministre peut, avant le début du travail d'un comité établi en vertu d'un accord d'encouragement aux études de main-d'oeuvre, verser jusqu'à quinze pour cent de la contribution financière totale qu'il a à payer aux termes de l'accord.

8. (1) Sous réserve du paragraphe (2), une contribution financière du Ministre, prévue par un accord d'encouragement à la mobilité de la main-d'oeuvre ne doit pas dépasser

a) cinquante pour cent du coût total de la mise en oeuvre de cet accord; et,

b) s'il s'agit d'une contribution versée pour rembourser des sommes payées à ou pour une personne, le montant des allocations qui seraient par ailleurs payables à cette personne en vertu du Règlement sur la mobilité de la main-d'oeuvre.

3) The application of the MCS mobility incentives usually results from the recommendation of a Manpower Adjustment Committee under a Manpower Assessment Incentive Agreement. However, where there is no need to assess the requirement and the transfer can be overseen by the MCS officer, a Manpower Mobility Incentive Agreement may be entered into alone.

4) The mobility incentives of MCS and of the Canada Manpower Mobility Program are mutually exclusive; neither may be used to supplement the other.

5) In instances where both assessment and mobility incentives are applicable, both types of agreements are entered into separately.

44.08 FINANCIAL CONTRIBUTIONS (ASSESSMENT)

1) The financial contributions by the Minister under a Manpower Assessment Incentive Agreement shall be an agreed percentage (see 44.06 above) of the cost of implementing that agreement. Shareable costs may cover such items as:

   a) The regular straight-time pay of the designated members of the Committee or their alternates, who are employees, while serving on and engaged in the work of the Committee, as certified by the Chairman.

   b) Necessary disbursements for travelling, office supplies, clerical and stenographic services, preparation and printing of reports, and such other expenses as the agreement may stipulate and as the Minister may approve.

   c) Remuneration of the following persons providing prior approval is obtained from the Manpower Consultative Service:

      i) Chairman of the Manpower Adjustment Committee.

      ii) Persons appointed by the Manpower Adjustment Committee to conduct investigations and to participate in the implementation of the agreement and the development of the adjustment plan.

3) La demande de subvention du SCM fait généralement suite à la recommandation d'un Comité d'adaptation de la main-d'oeuvre mis sur pied aux termes d'un Accord d'encouragement aux études de main-d'oeuvre. Cependant, lorsqu'il n'est pas nécessaire d'évaluer les besoins et que l'agent du SCM peut exercer la supervision du transfert, un Accord d'encouragement à la mobilité de la main-d'oeuvre peut être conclu directement.

4) Les subventions à la mobilité du SCM et celles du Programme de la mobilité de la main-d'oeuvre du Canada s'excluent mutuellement, les premières ne pouvant compléter les secondes.

5) Lorsque la subvention à la mobilité et la subvention aux études de main-d'oeuvre s'appliquent, on doit conclure deux accords distincts.

44.08 CONTRIBUTIONS FINANCIÈRES (ÉTUDES DE MAIN-D'OEUVRE)

1) Les contributions financières du Ministre, aux termes d'un Accord d'encouragement aux études de main-d'oeuvre, représenteront le pourcentage convenu (voir 44.06 ci-dessus) du coût de la mise en oeuvre de l'accord. Les frais partageables peuvent couvrir notamment:

   a) le temps régulier simple des membres désignés du comité ou de leurs suppléants qui, à titre d'employés, participent aux travaux du comité avec l'attestation du Président;

   b) les dépenses nécessaires aux voyages, aux fournitures de bureau, aux services de bureau et de sténographie, à la préparation et à l'impression des rapports et toutes les autres dépenses énoncées dans l'accord et approuvées par le Ministre;

   c) la rémunération, assujettie à l'approbation du Service consultatif de la main-d'oeuvre, versée aux personnes suivantes:

      i) président du Comité d'adaptation de la main-d'oeuvre,

      ii) personnes nommées par le Comité d'adaptation de la main-d'oeuvre pour effectuer les études et participer à la mise en oeuvre de l'accord et à l'élaboration du plan d'adaptation.

2) The Minister reserves the right to limit the total financial contribution prior to the execution of an individual assessment incentive agreement.

3) No expenses other than those necessary for the initial operation of the Joint Manpower Adjustment Committee are to be incurred on behalf of the Minister prior to approval of a Manpower Assessment Incentive Agreement.

Note: Shareable costs are not to include salaries or wages for any time spent by any other persons who may be required to give information or whose work may be interrupted by duties of the Committee.

44.09 FINANCIAL CONTRIBUTIONS (MOBILITY)

The financial contributions by the Minister under a Manpower Mobility Incentive Agreement shall be an agreed percentage (see 44.07 above) of the cost of implementing the agreement.

1) The Agreement must state the types of relocation expenses of the employees and their dependants that will be shared. Where a Joint Manpower Adjustment Committee is in operation under a Manpower Assessment Incentive Agreement, it may be charged with responsibility for developing the transfer plans and overseeing their application.

2) The Minister reserves the right to limit the total financial commitment prior to the execution of an individual mobility incentive agreement.

3) No moving expenses are to be committed on behalf of the Minister prior to approval of a Manpower Mobility Incentive Agreement.

44.10 - 44.11 SPARES

RESPONSIBILITIES

44.12 MANPOWER CONSULTATIVE SERVICE

1) The MCS has responsibilities toward work force adjustment which are separate and distinct from those of the CEC. These are:

a) encouraging management and workers to assume their responsibilities for the

2) Le Ministre se réserve le droit de limiter le total de sa contribution financière avant que ne soit conclu un accord particulier d'encouragement aux études de main-d'oeuvre.

3) Aucune dépense, à l'exception des sommes nécessaires aux opérations initiales du Comité mixte d'adaptation de la main-d'oeuvre, ne doit être effectuée au nom du Ministre avant que ce dernier n'ait conclu un Accord d'encouragement aux études de main-d'oeuvre.

Note: Les frais partageables ne doivent pas comprendre la rémunération du temps passé, par toute autre personne, à donner des renseignements ou à exécuter, pour le comité, des travaux nécessitant une interruption de ses propres tâches.

44.09 CONTRIBUTIONS FINANCIÈRES (MOBILITÉ)

La contribution financière du Ministre, en vertu d'un Accord d'encouragement à la mobilité de la main-d'oeuvre, représentera un pourcentage convenu (voir 44.07 ci-dessus) du coût de la mise en oeuvre de l'accord.

1) L'accord doit énoncer le genre de dépenses partageables quant aux déplacements des employés et aux personnes à leur charge. Lorsqu'un Comité mixte d'adaptation de la main-d'oeuvre est mis sur pied aux termes d'un Accord d'encouragement aux études de main-d'oeuvre, il peut être chargé d'élaborer des plans de déplacements et de surveiller leur application.

2) Le Ministre se réserve le droit de limiter le total des engagements financiers avant que ne soit conclu un Accord d'encouragement à la mobilité de la main-d'oeuvre.

3) Aucune dépense de déplacement ne doit être engagée au nom du Ministre avant que ce dernier n'ait conclu un Accord d'encouragement aux études de main-d'oeuvre.

44.10 - 44.11 LIBRES

RESPONSABILITÉS

44.12 SERVICE CONSULTATIF DE LA MAIN-D'OEUVRE

1) Le SCM a des fonctions vis-à-vis l'adaptation de la force ouvrière qui diffèrent de celles des CEC. Elles sont:

a) d'encourager les employeurs et les travailleurs à prendre leurs responsabilités

development and implementation of private adjustment measures;

b) facilitating the development and implementation of a private adjustment plan within an industry, plant, enterprise or a community;

c) co-ordinating public adjustment measures with those developed jointly by labour and management. This includes the measures provided through the Commission and from other federal, provincial, municipal and private agencies. Within the Commission, MCS is the co-ordinating agency where:

i) an adjustment plan involving the MCS necessitates the application of normal CEC services to individual workers leaving a plant or enterprise to enter the open labour market;

ii) training is required in order to maintain the worker's attachment to the plant or enterprise, or to increase employment opportunities with present or prospective employers in which case the MCS officer will consult with the CEC manager and, without committing training funds, request the application of the most appropriate training assistance (see Chapter 23, paragraphs 23.10 and 23.27 of this Manual)

d) Overseeing the activities of Manpower Adjustment Committees including their involvement in the implementation of adjustment measures developed by the Committees.

2) Closure

a) In instances of long term curtailment of operations, closure and mass lay-off, MCS must respond quickly to provide the earliest possible application of special adjustment services before a state of unemployment develops.

quant à l'élaboration et à la mise en oeuvre de mesures privées d'adaptation;

b) de faciliter l'élaboration et la mise en oeuvre du plan d'adaptation au sein d'une activité économique, une usine, une entreprise ou une collectivité par des moyens privés;

c) de coordonner les mesures d'adaptation du secteur public avec celles élaborées conjointement par les employeurs et les travailleurs. Par mesures d'adaptation de la main-d'oeuvre du secteur public, on entend tous les services offerts par la Commission et les autres organismes fédéraux, provinciaux, municipaux et privés. Le SCM remplit, à la Commission, le rôle d'organisme de coordination lorsque:

i) un plan d'adaptation auquel participe le SCM nécessite les services ordinaires du CEC pour des travailleurs qui quittent une usine ou une entreprise pour entrer sur le marché du travail,

ii) un travailleur a besoin de formation pour rester au service de l'usine ou de l'entreprise qui l'emploi, ou encore augmenter ses occasions d'emploi auprès de son employeur actuel ou des employeurs éventuels, dans lequel cas l'agent du SCM consulte le directeur du CEC et, sans pour cela engager des fonds destinés à la formation, demande que soit offert le programme de formation le plus approprié (voir 23.10 et 23.27 au chapitre 23 du présent guide); et

d) de surveiller les activités des Comités d'adaptation de la main-d'oeuvre y compris leur participation dans la mise en oeuvre des mesures d'adaptation qu'ils ont élaborées.

2) Fermeture

a) Dans les cas de cessation des opérations durant une longue période, de fermetures ou d'importantes mises à pied, le SCM doit réagir sans délai et dispenser le plus tôt possible des services d'adaptation spéciaux avant que le chômage ne sévisse.

b) Early application of private measures in co-ordination with the Commission's programs and services is essential:

i) to minimize the period of unemployment for individual workers, and

ii) to optimize the allocation of skills available to the labour market.

c) In situations where the employer's operation is not ongoing, the role of MCS will be to promote the development of private adjustment measures including private placement and to encourage the assumption of responsibility jointly by management and labour to assist the employees affected.

d) Private adjustment plans may include measures such as the development of modifications in separation schedules or severance pay, early pension provisions, pension portability, transfers to other establishments of the same employer or, through associate placement techniques, relocation to jobs with other employers.

e) The Commission's programs and services must be co-ordinated with the private adjustment measures to assist in the effective implementation of the total adjustment plan.

44.13 CANADA EMPLOYMENT CENTRES

1) A close working relationship should exist between MCS and the CEC in trying to meet a "manpower requirement" (see Section 2 of the Regulations). To ensure consistency in approach, the CEC will not offer the employer any special assistance such as training assistance or on-site registration until requested by MCS. The foregoing does not preclude the offer of regular CEC services to workers requesting assistance nor does it apply to the filling of job orders placed with the CEC by the employer.

b) La mise en oeuvre, dans les plus brefs délais, de mesures internes coordonnées avec les services et programmes de la Commission est essentielle en vue:

i) de minimiser la période de chômage des travailleurs; et

ii) de tirer profit au maximum des compétences disponibles sur le marché du travail.

c) Lorsque l'employeur abandonne les affaires, le rôle du SCM est de favoriser la mise en oeuvre de mesures privées d'adaptation, le placement y compris, et d'encourager patrons et syndicats à aider les employés touchés.

d) Les plans privés d'adaptation peuvent comprendre des mesures telles des modifications aux calendriers des licenciements ou des indemnités de départ, des dispositions pour une pension de retraite anticipée, de pension transportable, de mutations à d'autres établissements du même employeur ou, par le recours aux techniques de placement conjoint, la réaffectation à des emplois chez d'autres employeurs.

e) Les programmes et services de la Commission doivent être coordonnés avec les mesures d'adaptation privées, afin de faciliter la mise en oeuvre efficace de l'ensemble du plan d'adaptation.

44.13 CENTRES D'EMPLOI DU CANADA

1) Il doit exister, entre le SCM et le CEC local, des relations de travail étroites en vue de satisfaire aux "besoins de main-d'oeuvre" (voir l'article 2 du Règlement). Afin d'uniformiser les procédures, le CEC local s'abstiendra d'offrir à l'employeur toute aide spéciale, notamment des fonds de formation et l'inscription sur place. Cela n'empêche pas l'offre des services ordinaires du CEC aux travailleurs qui ont besoin d'aide et ne s'applique pas aux offres d'emplois signalées par l'employeur au CEC.

2) The CEC will advise the appropriate MCS officer promptly by telephone or telex, all actual or anticipated situations of technological or other change, including temporary shutdowns, closures or long-term layoffs which come to their attention involving twenty or more workers. If less than twenty workers are involved, or in cases of high turnover, the CEC may feel that it is of significance and report the situation.

44.14 COMMUNICATION BETWEEN MCS AND CEC

The following communication procedures should be followed by MCS and CEC managers regarding contacts with employers in CEC areas. The procedure has certain variations in four different types of situations as follows:

1) Situations

A. When MCS receives notice by telephone or telex from a CEC providing advance information on a situation described in paragraph 44.13(2) above or other situations of possible MCS involvement.

B. Cases in which MCS receives information from sources other than a CEC.

C. Cases in which there is close corporate secrecy regarding a change.

D. Industry type cases having regional or national scope.

2) Procedures

a) In situation "A", MCS will reply within twenty-four hours to the CEC by telephone or telex stating whether or not action will be taken.

b) In situations "A" and "B", before an MCS officer attends an initial meeting with the management of a plant or other establishment located in a CEC area, MCS regional headquarters will send a telex to advise the CEC manager of the meeting stating the name of the MCS officer involved.

2) Le CEC avisera sans délai, par téléphone ou par télex, l'agent du SCM compétent de la région de tout changement technologique ou autre, en cours ou prévu, y compris les fermetures temporaires, les fermetures et les mises à pied de longue durée qui sont portées à son attention et qui touchent une entreprise d'au moins vingt employés. Si moins de vingt employés sont concernés, le CEC peut quand même en aviser le SCM. Il signalera aussi au SCM les cas de roulement élevé du personnel.

44.14 COMMUNICATION ENTRE LE SCM ET LE CEC

Les gestionnaires du SCM et du CEC doivent suivre, dans leurs rapports avec les employeurs des secteurs du CEC, la méthode de communication mentionnée ci-dessous. Cette dernière varie selon quatre genres de situations:

1) Situations

A. Lorsque le CEC signale d'avance au SCM, par téléphone ou par télex, une situation décrite au 44.13(2) ci-dessus ou une autre situation qui peut nécessiter la participation du SCM.

B. Dans les cas où le SCM reçoit les renseignements de sources autres que le CEC.

C. Dans les cas où les parties doivent garder le secret en ce qui a trait à un changement.

D. Dans les cas où les difficultés au sein de l'industrie ont une portée régionale ou nationale.

2) Marche à suivre

a) Pour les situations du genre "A", le SCM répondra au CEC dans les vingt-quatre heures, par téléphone ou par télex, afin de lui faire savoir s'il a l'intention de prendre des mesures.

b) Pour les situations du genre "A" et "B", avant qu'un agent du SCM assiste à une réunion préliminaire avec la direction d'une usine ou d'une autre entreprise située dans le secteur d'un CEC, le bureau régional du SCM enverra au directeur du CEC un télex l'avisant de l'agent du SCM intéressé.

c) In the "C" situation, communication of any information can be a breach of trust. Thus, notification or advice will be at the sole discretion of the MCS officer and, while in most situations notification will be possible, this will depend upon the particular circumstances.

d) In general, CEC managers will not be advised directly of contacts of "D" type situations unless these have impact on local CEC operations.

Note: Following the initial meeting, the MCS officer will keep the CEC manager advised as to the general progress of the case insofar as this can be done without breaching any private security commitments of the private program.

RELATIONSHIPS

44.15 EMPLOYMENT AND INSURANCE BRANCH

1) In the overall Commission's system of programs and services for the development and utilization of the labour force, it is essential that there be a free and constant flow of information and ideas between MCS and other regional office organizational units, especially appropriate elements of the Employment and Insurance Branch.

2) Regional staff having extensive contacts with employers, associations and unions, often become aware of situations where MCS might be appropriately applied. The industrial knowledge of such persons can be valuable to MCS officers in the negotiation of agreements, and in the recommending and implementation of adjustment measures.

3) Conversely, MCS officers, in the conduct of their program activities, often obtain extensive industrial information that would contribute substantially to the effectiveness of employer contacts. For example, when an employer's request for the entry of foreign workers has been referred by the CEC to the regional office for approval, MCS can be a useful source of advice as to the appropriateness of this request to solve the employer's work force adjustment problem.

c) Pour les situations du genre "C", la divulgation de tout renseignement peut constituer un abus de confiance. Aussi, la notification ou les conseils seront laissés à la seule discrétion de l'agent du SCM et, quoique dans la plupart des cas la notification sera possible, on tiendra compte du cas particulier.

d) En général, on ne communiquera pas directement aux directeurs de CEC les noms des agents chargés de situations du genre "D", à moins qu'elle aient un impact sur les opérations du CEC local.

Note: Suite à la réunion préliminaire, l'agent du SCM rencontrera de temps à autre le directeur du CEC et lui fera part de la situation du cas, dans la mesure où cela pourra se faire sans contrevenir aux engagements de sécurité du programme privé.

RELATIONS

44.15 DIRECTION DE L'EMPLOI ET ASSURANCE

1) Dans le cadre de l'ensemble des programmes et services de perfectionnement et d'utilisation de la force ouvrière de la Commission, il est essentiel de maintenir un échange constant de renseignements et d'idées entre le SCM et les employés des autres sections de l'organisation du bureau régional, particulièrement avec les composantes appropriées de la Direction de l'emploi et assurance.

2) Le personnel régional qui a beaucoup de contacts avec les employeurs, associations et syndicats rencontre souvent des situations où il serait approprié d'appliquer le SCM. Les connaissances de ces personnes sont d'une grande utilité aux agents du SCM lors de la négociation d'accords et de la recommandation et de la mise en oeuvre de mesures d'adaptation.

3) Réciproquement, les activités des agents du SCM leur permettent souvent d'obtenir une multitude de renseignements industriels qui peuvent contribuer grandement à couronner de succès l'efficacité des contacts d'employeurs. Par exemple, lorsque celui-ci demande l'autorisation de faire entrer au pays des travailleurs étrangers, présentés par le CEC au bureau régional pour approbation, le SCM serait en mesure d'offrir des conseils sur l'à-propos de la demande pour régler les problèmes d'adaptation de la force ouvrière de l'employeur.

44.16 OTHER LEVELS OF GOVERNMENT AND THE BUSINESS COMMUNITY

It is essential that MCS establish and maintain good communication and working relationships and promote MCS among federal, provincial and municipal government officials, and the leaders of the industrial community within their respective regions, e.g., Chambers of Commerce, employers' organizations, labour federations and councils, service clubs, and other community organizations.

44.17 INDUSTRIAL DISPUTES

While there may be industrial relations implications in the consultation process, MCS is not intended to carry out any industrial relations function which could be interpreted as interfering with the normal collective bargaining process. Therefore, to maintain a position of neutrality, MCS should immediately suspend all discussions with management and labour and all activities of the joint adjustment committee when collective bargaining is taking place or where an industrial dispute arises. Similarly, MCS should immediately suspend all action with regard to concluding or implementing a mobility incentive agreement until such time as the industrial dispute is settled.

44.18 LAYOFF LEGISLATION

Early notice of layoff is now required under legislation in the federal and some provincial jurisdictions. It is most important to remember that the Commission is not responsible for enforcing any layoff legislation. Enforcement rests with the federal departments involved and the individual provinces within their respective jurisdictions. The role of the Commission is one of responding to requests from employers for assistance in meeting the implied or specific requirements of such legislation. All such requests received by CECs from employers must be immediately referred to MCS.

44.19 NEWS RELEASES

1) News releases on MCS activities should be given to the news media whenever it is felt that publicity relating to MCS involvement in a work force adjustment problem might ease anxiety or provide needed objectivity in the situation. Basically, there are two types of situations which could warrant the release of information to the news media:

44.16 AUTRES NIVEAUX DU GOUVERNEMENT ET LE SECTEUR DES AFFAIRES

Il est essentiel que le SCM établisse et maintienne de bonnes communications et relations de travail et qu'il se fasse bien connaître auprès des hauts fonctionnaires fédéraux, provinciaux et municipaux et dirigeants d'entreprise dans leur région respective, c'est-à-dire les chambres de commerce, les associations d'employeurs, les fédérations et les conseils du travail, les clubs de bienfaisance et les autres organismes communautaires.

44.17 CONFLITS DU TRAVAIL

Quoique les processus de consultation puisse impliquer des relations industrielles, le rôle du SCM n'est pas de se livrer à de telles activités qui pourraient être interprétées comme une interférence au processus normal de négociation collective. Ainsi, pour rester neutre, le SCM doit immédiatement suspendre ses discucsions avec les patrons et les syndicats et toute activité du Comité mixte d'adaptation lorsqu'une négociation collective est en cours ou lorsque surgit un conflit du travail. De même, le SCM doit immédiatement suspendre toute activité visant la conclusion ou la mise en oeuvre d'un Accord d'encouragement à la mobilité de la main-d'oeuvre jusqu'à ce que le conflit du travail soit réglé.

44.18 LOIS TOUCHANT LES MISES À PIED

La législation fédérale et celle de certaines provinces exigent maintenant un préavis des mises à pied donné assez longtemps à l'avance. Il est très important de ne pas oublier que la Commission n'est pas chargé d'appliquer les lois sur les mises à pied dont l'application relève des ministères fédéraux intéressés et de la compétence des diverses provinces. Le rôle de la Commission est de répondre aux demandes d'aide des employeurs tout en satisfaisant aux exigences explicites ou implicites de ces lois. Les CEC doivent immédiatement transmettre aux SCM les demandes en ce sens qu'ils reçoivent des employeurs.

44.19 COMMUNIQUÉS

1) Les communiqués touchant les activités du SCM doivent être transmis aux organes d'information chaque fois que l'on juge qu'une publicité sur la participation du SCM à un problème d'adaptation de la force ouvrière peut diminuer les inquiétudes ou donner l'objectivité voulue à un cas. Fondamentalement, deux genres de situations justifient les communiqués de presse:

a) When the situation has already been reported in the press and where it is deemed that the release of information concerning MCS efforts to conclude an agreement with the parties involved, would have a desirable effect in the locality.

b) When MCS has been successful in concluding an agreement with the parties concerned, but only after such agreement has received the approval of the Minister.

2) When MCS in the region decides that a news release on any MCS activity is timely and appropriate, the advice of Regional Public Affairs should be sought on the content and time of issuance. The anticipated effects of the situation upon the local or regional economy should be the basic consideration in deciding on any news release.

a) Lorsqu'un cas a déjà fait l'objet d'un reportage dans les journaux et que la publication de renseignements touchant les efforts du SCM en vue de conclure un accord avec les parties intéressées pourrait avoir un effet positif sur la collectivité.

b) Lorsque le SCM a réussi à conclure un accord avec les parties intéressées, mais seulement après qu'un tel accord a reçu l'approbation du Ministre.

2) Lorsque le SCM de la région décide qu'un communiqué touchant ses activités est approprié, il doit d'abord demander l'avis des Affaires publiques régionales quant au contenu et à la date de la publication. Il faut aussi tenir compte des effets anticipés de la situation sur l'économie locale ou régionale lorsque l'on décide de publier un communiqué.

LABOUR MOBILITY AND ASSESSMENT INCENTIVES REGULATIONS

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL, on the recommendation of the Minister of Manpower and Immigration and the Treasury Board, pursuant to Appropriation Act No. 3, 1971, is pleased hereby to amend the Labour Mobility and Assessment Incentives Regulations made by Order in Council P.C. 1972- 360 of February 29, 1972. Amended June 20, 1974 by Order in Council P.C. 1974 1438.

REGULATIONS RESPECTING PAYMENTS TO PROVINCES, EMPLOYERS AND WORKERS IN RESPECT OF LABOUR MOBILITY AND ASSESSMENT INCENTIVES

Short Title

1. These Regulations may be cited as the Labour Mobility and Assessment Incentives Regulations.

Interpretation

2. In these Regulations,
"employer means an employer in an industry;
"industry" means any undertaking, or group of undertakings, in respect of which there is an employer-employee relationship;
"manpower assessment incentive agreement" means an agreement entered into pursuant to section 3;
"manpower requirement" means a requirement for the movement of employees into or out of an industry, or from one type of employment within an industry to another type of employment within that industry, where the requirement arises from

(a) a technological or other industrial change that renders the employees' skills or aptitudes superfluous to the needs of the industry or the type of employment from which the employees are moved, or

(b) an expansion of the industry to which the employees are moved;

"manpower mobility incentive agreement" means an agreement entered into pursuant to section 4;
"Minister" means the Minister of Manpower and Immigration;
"persons representing an industry" means employers and

RÈGLEMENT SUR L'ENCOURAGEMENT À LA MOBILITÉ ET AUX ÉTUDES DE MAIN D'OEUVRE

Sur avis conforme du ministre de la Main-d'oeuvre et de l'Immigration et du Conseil du Trésor et en vertu de la Loi n° 3 de 1971 portant affectation de crédits, il plaît à son Excellence le Gouverneur général en conseil de modifier le Règlement sur l'encouragement à la mobilité et aux études de main-d'oeuvre établi par le décret C.P. 1972-360 du 29 février 1972. Modifié le 29 juin 1974 par le décret C.P. 1974-1438.

RÈGLEMENT CONCERNANT LES VERSEMENTS AUX PROVINCES, AUX EMPLOYEURS ET AUX TRAVAILLEURS, À L'ÉGARD DE L'ENCOURAGEMENT À LA MOBILITÉ ET AUX ÉTUDES DE MAIN D'OEUVRE

Titre abrégé

1. Le présent règlement peut être cité sous le titre: Règlement sur l'encouragement à la mobilité et aux études de main-d'oeuvre

Interprétation

2. Dans le présent règlement,
"accord d'encouragement aux études de main-d'oeuvre" désigne un accord conclu conformément à l'article 3;
"accord d'encouragement à la mobilité de la main-d'oeuvre" désigne un accord conclu conformément à l'article 4;
"besoin de main-d'oeuvre" signifie un besoin en vue du mouvement d'entrée ou de sortie des employés d'une industrie, ou vers un autre genre d'emploi au sein d'une même industrie, où, dans l'un ou l'autre cas, ce besoin survient à la suite

(a) d'un changement technologique ou autre changement industriel, qui rend leur spécialisation ou leurs aptitudes superflues au regard des besoins de l'industrie ou du genre d'emploi d'où ils ont été mutés, ou

(b) d'un développement de l'industrie vers laquelle ils sont mutés;

"employeur" désigne un employeur d'industrie;
"industrie" désigne une entreprise ou un groupe d'entreprises où existent des relations employeur-employé;
"Ministre" désigne le ministre de la Main-d'oeuvre et de l'Immigration;
"personnes qui représentent une industrie" signifie des employeurs et

(a) unions that have been recognized as the lawful bargaining agent of the employees in the industry, or

(b) where no union has been recognized as the lawful bargaining agent of the employees in the industry, persons designated by the employees as their representatives.

a) les syndicats qui ont été reconnus comme agents de négociation légitimes des travailleurs dans une industrie, ou

b) lorsqu'il n'y a pas de syndicats reconnus comme agents de négociation légitimes des travailleurs dans une industrie, les personnes désignées par les travailleurs comme leurs représentants.

Manpower Assessment Incentive Agreement

3. (1) Subject to subsection (2), the Minister or a person designated by him may, upon the application of an employer or person representing an industry, enter into an agreement with such employer or person, or with a province, to provide for the establishment of a committee and for the development and carrying out by that committee of an adjustment plan for that industry to meet a manpower requirement.

(2) The Minister or a person designated by him shall not enter into an agreement pursuant to subsection (1) unless he is satisfied that

(a) a manpower requirement exists in the industry;
(b) financial assistance would provide an incentive to an employer, the industry or the province to evolve and carry out plans and techniques to minimize the effect

(i) of the manpower requirement upon the employees or employers, and
(ii) where an industry is to be relocated outside the province, of the relocation upon that province; and

(c) The application

(i) provides reasonable advance notice of the anticipated manpower requirement,
(ii) describes the technological or other industrial change that has occurred or will occur, and
(iii) describes the assessment studies and proposed action to be undertaken by the applicant.

Accord d'encouragement aux études de main-d'oeuvre

3. (1) Sous réserve du paragraphe (2), le Ministre ou une personne désignée par lui peut, à la demande d'un employeur ou d'une personne qui représente une industrie, conclure, avec cet employeur ou cette personne ou avec une province, un accord prévoyant la formation d'un comité ainsi que l'élaboration et l'exécution, par ce comité, d'un plan d'adaptation qui permette à cette industrie de répondre à un besoin de main-d'oeuvre.

(2) Le Ministre ou une personne désignée par lui ne conclut aucun accord en vertu du paragraphe (1), à moins d'être convaincu

a) qu'il existe un besoin de main-d'oeuvre dans l'industrie;
b) qu'une aide financière inciterait l'employeur, l'industrie ou la province à établir des plans et des techniques qui minimiseraient

(i) les effets du besoin de main-d'oeuvre pour les travailleurs ou les employeurs, et
(ii) si l'industrie doit être transplantée hors de la province, les effets de la transplantation pour cette province; et

(c) que la demande

(i) constitue un préavis raisonnable concernant le besoin de main-d'oeuvre prévu,
(ii) décrive les changements technologiques ou les autres changements industriels qui se sont produits ou qui se produiront, et
(iii) décrive les études d'évaluation et les mesures que les requérants se proposent de prendre.

Manpower Mobility Incentive Agreement

4. (1) Subject to subsection (2), the Minister or a person designated by him may, upon the application of an employer or a province, enter into an agreement with the employer or province to provide for the relocation of employees in the industry and the relocation of their dependants and household effects.

(2) The Minister or a person designated by him shall not enter into an agreement pursuant to subsection (1) unless he is satisfied that

(a) a manpower requirement exists in the industry; and

(b) financial assistance would provide an incentive to an employer or the province in which the industry is located to relocate the employees so as to minimize the effect of the manpower requirement upon the employees.

Additional Parties to Agreement

5. Where the parties who have entered into an agreement under subsection 3(1) or 4(1) agree, other federal departments and agencies, provincial agencies and municipalities may be invited to become parties to a manpower assessment incentive agreement or to a manpower mobility incentive agreement.

Financial Contributions

6. (1) Subject to subsection (2), a financial contribution payable by the Minister pursuant to a manpower assessment incentive agreement shall not exceed fifty per cent of the total cost of implementing that agreement including

(a) the salary of the chairman of the committee established under the agreement, and the salaries of research, professional, clerical, stenographic and other necessary staff,

Accord d'encouragement à la mobilité de la main-d'oeuvre

4. (1) Sous réserve du paragraphe (2), le Ministre ou une personne désignée par lui peut, à la demande d'un employeur ou d'une province, conclure un accord avec l'employeur ou la province, afin de pourvoir au déplacement des employés dans l'industrie, ainsi qu'au déménagement des personnes à leur charge et de leurs effets mobiliers.

(2) Le Ministre ou une personne désignée par lui ne doit conclure aucun accord en vertu du paragraphe (1) à moins d'être convaincu

a) qu'il existe un besoin de main-d'oeuvre dans l'industrie, et

b) qu'une aide financière inciterait un employeur ou la province dans laquelle se trouve l'industrie, à déplacer les employés de façon à minimiser à leur égard les effets du besoin en main-d'oeuvre.

Autres parties à l'accord

5. Lorsque les parties qui ont conclu un accord en vertu du paragraphe 3(1) ou 4(1) sont consentantes, d'autres ministères et organismes fédéraux, des organismes provinciaux ou des municipalités peuvent être invités à être parties à un accord d'encouragement aux études de main-d'oeuvre ou à un accord d'encouragement à la mobilité de la main-d'oeuvre.

Contribution financière

6. (1) Sous réserve du paragraphe (2), la contribution financière du Ministre, prévue par un accord d'encouragement aux études de main-d'oeuvre, ne doit pas dépasser cinquante pour cent du coût total de la mise en oeuvre de cet accord, y compris

a) le salaire du président du comité, établi en vertu de l'accord et les salaires des chercheurs, spécialistes, commis, sténographes et de tout le personnel nécessaire,

1) The Commission normally reimburses an employer up to 50 per cent of the costs incurred in transferring employees, their dependants, and household effects to another locality in order that they may take up "arranged employment" with either the same or another employer. The 50 per cent reimbursement to the employer, on behalf of employees, must not exceed the amount that would normally be paid under the Canada Manpower Mobility Program. The reimbursement to the employer may go as high as 100 per cent where:

   a) the employer is a registered non-profit organization; or

   b) the Minister is satisfied that the employer is unable to contribute and the employees will suffer hardships if the agreement is not implemented.

2) The MCS mobility incentive is restricted to those instances where, as a work force adjustment measure, a company or province undertakes to move employees within Canada from one of the employer's establishments to another or to other arranged employment.

   Note: "Arranged employment" means employment secured and derived from the efforts of a Joint Manpower Adjustment Committee under a Manpower Assessment Incentive Agreement or of the employer or of a union or other private source, but does not include employment arranged by and obtained through any government service, e.g., a Canada Employment Centre, or provincial government employment or placement service, or any other employment service or agency which offers its services to the general public.

1) La Commission rembourse normalement 50 pour cent des dépenses engagées par un employeur pour le déplacement des employés, leurs personnes à charge et de ses effets mobiliers, dans une autre localité, afin que ces derniers puissent occuper un "emploi réservé" chez le même employeur ou chez un autre. Cependant, le remboursement de 50 pour cent pour les employés ne doit pas dépasser le montant des prestations qu'ils pourraient recevoir s'ils y avaient droit, dans le cadre du Programme de mobilité de la main-d'oeuvre du Canada. Le remboursement à l'employeur peut atteindre 100 pour cent lorsque:

   a) l'employeur est un organisme inscrit, à but non lucratif; ou lorsque

   b) le Ministre est d'avis qu'un employeur ne peut contribuer et que les employés feront face à des difficultés financières si l'accord n'est pas mis en oeuvre.

2) L'Accord d'encouragement à la mobilité de la main-d'oeuvre du SCM s'applique seulement dans les cas où une société ou une province entreprend, à titre de mesure d'adaptation de la force ouvrière, de déplacer les travailleurs d'une entreprise à une autre ou de les diriger vers des emplois réservés. L'accord ne s'applique qu'aux déplacements à l'intérieur du Canada.

   Note: Un "emploi réservé" est un emploi assuré grâce soit aux efforts d'un Comité mixte d'adaptation de la main-d'oeuvre agissant aux termes d'un Accord d'encouragement aux études de main-d'oeuvre ou ceux de l'employeur ou d'un syndicat ou d'un autre service privé, mais ne comprend pas les emplois réservés et obtenus par l'entremise de tout service gouvernemental, par exemple par un Centre d'emploi du Canada ou un service d'emploi ou un service de placement du gouvernement provincial ou tout autre organisme au service du public.

(2) The Minister may contribute an amount not exceeding the total cost of implementing a manpower mobility incentive agreement where the employer is a non-profit organization duly registered as such under the laws applicable to it or where the Minister is satisfied that

(a) the employer is not able to contribute to that cost; and

(b) the employees will suffer hardship if the agreement is not implemented.

9. An agreement entered into pursuant to sections 3 or 4 shall provide

(a) that any claim for contribution by the Minister pursuant to the agreement shall be

(i) submitted on a form prescribed by the Minister, and

(ii) supported by receipted vouchers evidencing the payment in respect of which the claim is made;

(b) that, where a report, draft, study, table or other similar work is required by the agreement to be furnished, the report, draft, study, table or other similar work shall be completed to the satisfaction of the Minister; and

(c) for such other matters as the Minister considers necessary or appropriate to protect the interest of Her Majesty or to carry out the intent of these Regulations.

Amendment of Agreement

10. An agreement entered into pusuant to sections 3 or 4 may be amended

(a) with respect to the provisions of the agreement in respect of which a method of amendment is set out in the agreement, by that method; or

(b) with respect to any other provisions of the agreement, by the mutual consent of the parties thereto.

(2) Le Ministre peut verser une contribution financière ne dépassant pas le coût total de la mise en oeuvre d'un accord d'encouragement à la mobilité de la main-d'oeuvre lorsque l'employeur est une organisation sans but lucratif dûment enregistrée comme telle selon les lois qui sont applicables, ou que le Ministre est convaincu

a) que l'employeur est incapable de contribuer à ce coût; et

b) que les employés subiront des privations si l'accord n'est pas mis en oeuvre.

9. Un accord conclu en vertu des articles 3 ou 4, doit prévoir

a) que toute demande de contribution adressée au Ministre, aux termes de cet accord, sera

(i) soumise au moyen d'un formulaire prescrit par le Ministre, et

(ii) accompagnée des pièces justificatives des dépenses dont le remboursement est demandé;

b) que, s'il est requis, aux termes de l'accord, de présenter un rapport, un schéma, une étude, un tableau ou tout autre document analogue, ce rapport, ce schéma, cette étude, ce tableau ou ce document sera présenté à la satisfaction du Ministre, et

c) tout autre point selon que le Ministre le juge nécessaire ou approprié pour protéger les intérêts de Sa Majesté ou pour réaliser les objets du présent règlement.

Modifications de l'accord

10. Un accord conclu conformément aux articles 3 et 4 peut être modifié

a) en ce qui concerne les dispositions de l'accord pour lesquelles une méthode de modification a été établie dans l'accord, par cette méthode; ou

b) en ce qui concerne toute autre disposition de l'accord, par consentement mutuel des deux parties en cause.

APPENDIX B

RULES GOVERNING PLANT SHUTDOWN NOTICE IN ONTARIO AND QUEBEC

Provincial Legislative Provisions Governing Termination of Employment - Ontario and Quebec

Province and Termination Category	Workers in Company	Employment Duration	Advance Notice
Ontario			
Individual	Less than 50	3 months to 2 years	1 week
		2 years to 5 years	2 weeks
		5 years to 10 years	4 weeks
		10 years or more	8 weeks
Group	50 to 199	-	8 weeks
	200 to 499	-	12 weeks
	500 or more	-	16 weeks
Quebec			
Individual	weekly contract	-	1 week
	monthly contract	-	2 weeks
	yearly contract	-	4 weeks
Group	10- 99	-	1 week
	100-299	-	2 weeks
	300 or more		16 weeks

Sources: Ontario: Termination of Employment Regulation RRO 1970 #251 pursuant to Employment Standards Act.
Quebec: General Regulation pursuant to Manpower Vocational Training and Qualifications Act, March 1970.

APPENDIX C

MANPOWER ADJUSTMENT
COMMITTEE AGREEMENT

Sub. No._____

MANPOWER ASSESSMENT INCENTIVE AGREEMENT

THE AGREEMENT dated the _____day of _____, 198 , is

BETWEEN:

THE MINISTER OF EMPLOYMENT AND IMMIGRATION
(hereinafter referred to as "the Minister")

AND

THE MINISTER OF LABOUR FOR ONTARIO
(hereinafter referred to as "the Provincial Minister")

AND

_____
(hereinafter referred to as "the Company")

AND

_____
(hereinafter referred to as "the Employees")

WHEREAS the Minister of Employment and Immigration is authorized under the Labour Mobility and Assessment Incentives Regulations to enter into agreements with provinces, employers and workers in respect of labour mobility and assessment incentives;

AND WHEREAS the Company and the Employees have jointly requested the Minister to assist them, through the facilities of the Manpower Consultative Service, to examine and assess the manpower problems associated with changes anticipated in the operations of the Company;

AND WHEREAS the Provincial Minister, in the exercise of that office, is authorized to sign this Agreement;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the covenants and agreements hereinafter contained, covenant and agree with each other as follows:

1. The Company and the Employees will establish and maintain, for the duration of this Agreement, a Manpower Adjustment Committee consisting of a Chairman and an equal number of representatives from the Company and the Employees, to administer a program of research and assessment of the manpower problems associated with changes anticipated in the Company's operations and to develop a private program of manpower adjustment to meet these changes.

2. The Company may appoint its representatives on the Manpower Adjustment Committee in any manner they deem suitable. However, they shall notify the Employees, and the Manpower Consultative Service, in writing, of these appointments stating the name and occupation of each. It will be the responsibility of each party to appoint alternates and replacements as necessary to ensure that they are properly represented on the Committee at all times.

3. The Chairman of the Manpower Adjustment Committee will be selected and appointed by the Committee, subject to the approval of the Manpower Consultative Service. Such appointment will be made by instrument in writing stating the duties, remuneration and tenure of the Chairman.

4. (a) A representative of the Manpower Consultative Service shall be notified in advance of all meetings of the Committee and may attend any or all of such meetings to advise and assist the Committee in the performance of its functions.

   (b) A representative of the Employment Adjustment Service of Ontario may attend any or all meetings of the Committee to advise and assist the Committee in the performance of its functions. If requested, the Chairman will notify such representative in advance of all meetings of the Committee.

5. The Company and the Employees, assisted by the Manpower Consultative Service, will jointly establish the responsibilities and general objectives of the Committee. The Committee will then establish the terms of reference, specific objectives and methods of procedure.

6. The Company will make available to the Committee information concerning the planned changes in its operations in such detail as will permit a proper investigation and analysis of the impact of these changes on the work of the employees to be affected and will facilitate the collection of employee data by the Committee to allow the development of a manpower adjustment program.

7. All persons appointed as representatives to the Committee agree to hold in strict confidence any information concerning the Company's plans or operations, personal data on individual workers, and any other information of a confidential nature which is revealed to them by reason of their appointment to the Committee.

8. The Committee will make a report of its activities and recommendations to the Company and the Committee Chairman will send confidential copies of such report to the Minister and to the Provincial Minister.

9. Coincident with the date on which the Manpower Adjustment Committee submits its final report and recommendations to the parties, this Committee shall have no further duties and responsibilities under the terms of this Agreement and it shall thereafter cease to exist.

10. The principal parties to this Agreement shall be vested with the responsibility of assessing the report and its recommendations and, thereafter, may implement its recommendations as they deem advisable.

11. The responsibilities and objectives of the Committee will be:

(a)

(b) To recommend to the Company any courses of action which the Committee deems to be essential to the development of an effective manpower adjustment program.

(c) With the assistance of the Manpower Consultative Service and the Employment Adjustment Service of Ontario to bring to bear and make the most effective use of all public manpower measures and services available from the federal and provincial governments.

12. The costs of the program shall be shared as follows:

50% by the Minister

by the Provincial Minister

by the Company

13. The Company will pay all shareable costs, as set forth in Schedule "A" attached hereto, in relation to the identification and assessment of the manpower problems and the development of the manpower adjustment program, upon presentation of vouchers or statements of account, which have been approved by the Committee and submitted to it by the Chairman, in accordance with the regular administrative practices of the Company.

14. (a) The Minister will pay the Company an assessment incentive which shall be equal to fifty percent of the shareable costs paid by the Company in accordance with Section 13, but such incentive shall not exceed _____ ($_____) or such greater amount as the Minister may approve. No member of the House of Commons shall be admitted to any share or part of this Agreement, or to any benefit to arise therefrom.

14.(b) The Provincial Minister will pay the Company an assessment incentive which shall be equal to _____per cent of the shareable costs paid by the Company in accordance with Section 13, but such incentive shall not exceed_____ or such greater amount as the Provincial Minister may approve.

15.(a) Subject to this Agreement, the assessment incentive shall be due and payable, in full, thirty days after the date the Minister receives the report referred to in Section 8, but the Minister may, on application therefor by the Company, make progress payments on account of the assessment incentive to reimburse the Company for shareable disbursements made to the date the application is made.

(b) Subject to this Agreement, the assessment incentive provided by the Provincial Minister shall become due and payable, in full, thirty days after the date the Provincial Minister receives a copy of the report referred to in Section 8. Such application by the Company shall be made through the Manpower Consultative Service. The Manpower Consultative Service will advise the Provincial Minister as to the correctness of the application by the Company.

16. The amount of the progress payment made in accordance with Section 15(a) shall not exceed fifty per cent of the shareable disbursements made by the Company for the period in respect of which it is paid.

17. The Minister will not be required to make progress payments totalling more than _____(80% of total) prior to receiving the copy of the report referred to in Section 8.

18. Notwithstanding Sections 14(a) and 15(a), no payment will be made by the Minister on account of the assessment incentive unless an application therefor is made in such form as the Minister may prescribe and accompanied by such other forms or documents as the Minister may require.

19. The Company will keep and make available to the Minister and the Provincial Minister such records as they deem necessary to substantiate any claims for the payment of the assessment incentive and will allow free access to such records, at convenient times, to all persons authorized by law to keep or examine the records relating to the accounts of the Canada Employment and Immigration Commission or of the Ministry of Labour for Ontario.

20. This Agreement shall remain in full force and effect for a period of one year from the date first above written and may be extended by mutual consent of the parties should additional time be required by them to fulfil its terms and conditions, or it may be terminated on thirty days' notice at the written request of any party.

IN WITNESS WHEREOF the parties have signed below, in the presence of:

(WITNESS)	THE MINISTER OF EMPLOYMENT AND IMMIGRATION
(WITNESS)	THE MINISTER OF LABOUR FOR ONTARIO
(WITNESS)	THE COMPANY NAME
(WITNESS)	AGENTS OF THE EMPLOYEES

SCHEDULE "A"

SHAREABLE COSTS

For the purpose of Section 13 of the Manpower Assessment Incentive Agreement, the shareable costs are as follows:

1. The regular straight-time salaries of representatives of the Company and the Employees for the time actually engaged in the business of the Committee as certified by the Chairman.

2. Necessary disbursements for travelling (except travel outside Canada), office supplies, clerical and stenographic services, preparation and printing of reports, and such other expenses as are approved by the Manpower Consultative Service.

3. Salaries as follows, provided prior approval is obtained from the Manpower Consultative Service:

   (a) Remuneration of the Chairman of the Manpower Adjustment Committee.

   (b) Remuneration of persons appointed by the Manpower Adjustment Committee to conduct investigations and to assist in the development of the manpower adjustment program.

APPENDIX D

MANPOWER ADJUSTMENT COMMITTEE QUESTIONAIRE

MANPOWER ADJUSTMENT COMMITTEE

ROCKWELL INTERNATIONAL - MILTON, ONTARIO

To: EMPLOYEES WHO HAVE BEEN LAID OFF FROM THE MILTON PLANT

Regretably, the downturn in the automotive industry which made it necessary for you to be placed on layoff status still continues; with great uncertainty as to when conditions may improve. In the meantime, we sincerely hope that you will be able to find employment elsewhere.

To assist you in your job search, a cooperative program between the Company, the Union and the Federal and Provincial governments is being established to develop job opportunities among private industry in the area. In this connection, a Manpower Adjustment Committee is being formed under an agreement with the Ministry of Employment and Immigration. The efforts of this Committee will be supplementary to those of the Unemployment Insurance Commission; that is, you will still have to show U.I.C. that you are fulfilling their job search requirements.

The Manpower Adjustment Committee consists of two representatives of Local 1067 (Wm. Zilio and Robert Farrell), two representatives of management (R. Mickle and H. Sliter) and a Chairman (Alex McLoughlin) appointed by the Minister of Employment and Immigration, with the approval of the Union and Management representatives. The objective of the program is to find suitable employment for everyone who has been laid off.

Attached is a questionnaire which you should complete and return to the Manpower Adjustment Committee, Personnel Services, Milton Plant, no later than January 20, 1981 if you wish to be considered for job placement purposes.

You may return by mail using enclosed self-addressed envelope or by leaving with Receptionist at main office, 150 Steeles Avenue.

Upon the return of the completed questionnaire, an inventory will be compiled of those employees desiring placement, identifying their skills. This inventory will be sent to prospective employers in this area.

The co-operation of your family members in relaying information to you as soon as possible; together with your advice to the Committee when you have been placed, will be much appreciated.

If you have any inquiries call 878-2395 extension 52.

for S.H. Sliter
Chairman - Alex McLoughlin
Rockwell International of Canada Limited
U.A.W. Local 1067
Joint Manpower Adjustment Committee

encl.

Memo to: Laid-Off Employees

As you may have learned, recently a Manpower Adjustment Committee has been established under an agreement between Rockwell International, your U.A.W. representatives and the Minister of Employment and Immigration to plan the manpower adjustments and assist the workers who have been affected by the lay-offs in the Company's Milton Operation.

In order to be of assistance, the Committee must have knowledge of the current status of the Milton employees and we would be obliged if you would complete the following questionnaire and the attached form and return them both to the Company or to any member of the Committee:

Your Name: _____

1. Have you found another job? Yes _____ No _____
2. If "yes", how did you obtain your present job?

   On your own?_____ Through Friends? _____ Through Canada Manpower?____
3. Is it a full time job? Yes _____ No _____
4. If "no" to either No. 1 or No. 3 above, do you wish the assistance of the Manpower Adjustment Committee in finding other employment?

   Yes _____ No _____
5. If "yes to No. 4., please complete the attached Personal Data Sheet and answer the following questions:

   (a) Do you own or rent your present residence? (Check One)

   Own _____ Rent _____

   (b) Would you be willing to move to another community to accept another job if your moving costs were paid? (Check those you wish).

   i) Yes _____

   ii) Yes, if it means another job with this Company _____

   iii)Yes, if it means a job at the same or higher pay _____

   iv) Yes, after _____ months if I am unable to find a job here _____

   v) No _____

   If you do not wish to move regardless of the circumstances, the Committee would be obliged if you would state your reasons:

   _____

   _____

   _____

   (c) How far would you be willing to travel to work every day?_____ miles.

   (d) If retraining were suggested to you under the Canada Manpower Training Program, would you be interested? _____ Yes _____ No
6. In trying to help you find other work, it would assist the Committee if you could indicate any companies where you would like to work or types of work you like to do. If you have any preferences, please state them:

_____

ROCKWELL INTERNATIONAL - MILTON, ONTARIO

PERSONAL DATA SHEET

Name _____ _____
(Last) (First

Home Address _____ Tel. No: _____
Alternate No: _____

Age _____ Marital Status _____ Number of Dependants _____ Soc. Ins. No: _____

4. Last school grade completed _____ Where? _____

Additional training or education received through night school, correspondence or other courses since leaving school: _____

_____

_____

_____

6. Certificates or other qualifications held: _____

_____

_____

Can you read blueprints? _____ Experience _____

_____

Date of employment with this Company _____

Employment history with this Company (Show present position first):

FROM Mo. Yr.	TO Mo. Yr.	Kind of Work, or Job Classification	Hourly, Weekly or Monthly Rate
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Prior employment history:

FROM Mo. Yr.	TO Mo. Yr.	Name and Location of Company	Kind of Work, or Job Classification
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

1. Language - Spoken: English _____ French _____ Other _____
Written: English _____ French _____ Other _____

Use enclosed envelope to return by mail - Or drop off at the Main Office (Steeles Ave)

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